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High noon in Moscow

Yeltsin's showdown with parliament



Rolls-Royce

A revolution in manufacturing A bridge too far? Environmental doubts and new Danish-Swedish lifik

The Marriott demerger

Why Britain's Prudential is making US waves

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Europe's Business Newspaper

Mideast peace talks to resume in Washington

Israel's state television said last night that Middle East peace talks involving Israel, Syria, Lebanon, Jordan and the Palestinians would resume in Washington on April 19. Earlier in London, the British government held its first ministerial-level meeting with the Palestine Liberation Organisation for more than two years and urged the Palestinians to return to the negotiating table. Peace process deadlocked, Page 4

German chemical profits slump: Further cost-cutting measures by the German chemicals industry are expected after pre-tax profits fell 41 per cent at BASF to DM1.24bn (\$740m) and by 17.7 per cent to DM2.1bn at Hoechst. Page 15; Lex, Page 14

Krupp to close steelworks: The crisis in the German steel industry is forcing the closure of Krupp Stahl's Rheinhausen steel mill in the Ruhr, with the loss of 2,500 jobs. Page 3; IG Metall calls strike, Page 14

New editor for Economist magazine



Bill Emmott (left) will succeed Rupert Pennant Rea as editor of the UK magazine The Economist at the end of the month when Pennant-Rea takes up the deputy governorship of the Bank of England. **Emmott** is currently the magazine's business affairs editor. Observer, Page 13

Medicines pact urged: Henry Wendt, chairman of Anglo-American drugs company SmithKline Beecham, called for a social contract between the pharmaceuticals industry and society following US president Bill Clinton's criticism of the cost of medicines. Page 14

Maastricht worries: Some European diplomats openly speculated about UK prime minister John Major's ability to deliver ratification of the Maastricht treaty on European union following his parliamentary defeat on Monday. Page 14

Kanemaru gold hauk The Tokyo prosecutor seized 100kg of gold bars, worth about Y1bn (\$8.3m). from the office of Mr Shin Kanemary, until last year a powerful figure in the Liberal Democratic party, who is being investigated for alleged tax evasion. Page 14

Renault truck arm in the red: French truckmaker Renault Véhicules Industriels reported a FFr1.62bn (\$287m) net loss for 1992, with a 38 per cent drop in European sales in the second helf. Page 15

ults: Hungarian lightbulb group Tungsram, in which General Electric of the US has a 75 per cent stake, suffered a a Ft9bn (\$104m) loss in 1992, raising speculation that GE might buy out Hungarian Credit Bank's minority holding. The state-owned bank needs resources to cope with its own difficulties. Page 17

Saatchi's £600m write-off: International advertising group Saatchi and Saatchi wrote off £600m (\$850m) of goodwill associated with US acquisitions made when the group was expanding in the 1980s. Excluding the write-offs, the underlying position of the group for 1992 showed a pre-tax profit of £18.9m, against 1991's losses of £47.2m. Page 15

Shake-up at Hillsdown: UK food group Hillsdown Holdings announced a £92.3m extraordinary provision within its 1992 results to cover a wide-ranging reorganisation. Group pre-tax profits fell by 17.5 per cent to £154.1m (\$218.8m). Page 21; Lex, Page 14

Generators pressed to selk National Power and PowerGen, main electricity generators in England and Wales, were pressed by the industry's regulator to offer for sale 11 power stations they plan to close. Page 8

De Beers, South African company which dominates the world diamond market, kept the cut in its 1992 dividend to 29 per cent after announcing a 35 per cent fall in earnings for the year. Pre-tax profits on the diamond account fell 20 per cent to \$644m. Page 15

Poorest get poorer: Per capita incomes in the poorest developing countries are falling and economic reform programmes are threatened by recession and inadequate international support, the United Nations Conference on Trade and Development said. Page 6

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Retreat by Amato over soft line on corruption

By Robert Graham in Rome

MR GIULIANO AMATO, the Italian prime minister, yesterday withdrew plans to deal leniently with those implicated in the country's widening corruption scandals, staving off the immedi-

ate threat of a government crisis. Share prices fell in Milan and the Bank of Italy was forced to intervene to support the lira during a tense day which began with the arrests of two more leading industrialists and was rife with rumours that Mr Amato was preparing to resign.

A degree of calm later returned to the markets when the cabinet decided to beat a humiliating retreat over its controversial plan to bring a "political" solution to corruption scandals in which more than 1,000 politicians, businessmen and government offi-cials have been implicated.

Before the decision, spokesmen for the two main partners in the fragile four-party coalition, the Christian Democrats and Socialists, ruled out any change of government and stressed their confidence in Mr Amato. The prime minister himself had earlier met President Oscar Luigi Scalfaro. who also rejected the idea of Mr Amato resigning.

Christian Democrat and Socialist leaders stressed the danger of bringing down the government. with the almost inevitable consequences of early elections.

Even the majority of opposition parties admitted they did not want elections before new laws are introduced to modernise the

The climate of uncertainty was fuelled by news that Mr Gabriele Cagliari, president of ENI, the state oil concern, had been arrested. Mr Cagliari, head of ENI since 1989, was reported to have offered his resignation last night. He was arrested with Mr Franco Ciatti, the president of Nouvo Pignone, ENI's turbines subsidiary, on charges of alleged

corruption relating to power industry contracts.

The government's problems stemmed from a decision on Friday to introduce a decree laying down new rules for controlling the financing of political parties. Illicit funding of the parties through kickbacks on contracts has emerged as the central element in the corruption scandals.

With the apparent backing of his four coalition partners, Mr Amato and Mr Giovanni Conso the new justice minister, decided to make illicit financing of the parties no longer a criminal offence, and make the change retroactive. Instead, it was to be treated as an administrative offence, punished by fines, and judged by a government-appointed prefect.

Faced with an unexpected wave of popular protest, hostility from the magistrates and vehement criticism from opposition parties. Mr Scalfaro refused to sign the decree. He argued the timescale of the decree, which had to be approved in its entirety or rejected within 60 days, conflicted with the forthcoming referendum on April 18 seeking to abolish public financing of political parties.

The government yesterday accepted the president's arguments and went further. The cabinet agreed to submit altered proposals for discussion as a law in parliament and accepted the principle that illicit financing was a criminal matter.

These new principles mean that all members of parliament for whom immunity is risk prison sentences.

Yesterday the parliamentary commission on immunity decided to waive it on Mr Bettino Craxi, the former Socialist leader and prime minister. If the full house endorses this. Mr Craxi will face charges of alleged corruption. illicit party financing and receiving illicit funds.

Background, Page 2

Brussels aims to open competition in EC telecoms

By Andrew Hill in Brussels

A FAR-REACHING plan to open all domestic and international telephone calls in the European Community to competition is being considered by the European Commission.

The plan would aim to cut the cost of calls and improve the efficlency of Community telecommunications operators. Brussels originally favoured

opening the market for EC crossborder calls only. But senior Commission officials believe the next wave of EC telecoms legislation should go further. They are urging the EC to set

itself a more ambitious and controversial target of full liberalisation of "voice telephony". This could include all domestic and cross-border calls within the EC, and calls to countries outside the Community. Person-to-person calls represent 80-90 per cent of the EC market.

Nearly six months of consultations are said to have demonstrated that most operators and almost all consumers favour far-reaching liberalisation and harmonisation proposals, partly for practical reasons

Officials will not reveal their ideal timetable for liberalisation,

tition within 10 years. Poorer EC member states, such as Portugal, Greece, Spain and Ireland, could be given longer to modernise their telephone networks. Commission consultations will

end with two meetings between the Commission, operators and regulators at the end of this month. Mr Martin Bangemann, EC telecoms commissioner, and Mr Karel Van Miert, responsible for competition, should decide whether to press for full liberalisation soon after. Mr Bangemann's spokesman said yesterday the commissioner did not yet have a view on the matter.

Officials hope to receive political support for their plan at the scheduled meeting of EC telecoms ministers on May 10. The first phase of draft legislation would follow later this year. The main battles between

member states are likely to be fought over the timing of a phased programme of legislation. Member states will also have to work out how to safeguard public monopolies' commitment to provide an equal service to all con-

> Continued on Page 14 Editorial Comment, Page 13



trawlermen at the east coast port of Grimsby prevented French fish being unloaded for the second day running,

Russian economic jeopardy

RUSSIAN opposition forces are polsed to derail economic reform and seriously undermine President Boris Yeltsin's ability to govern, a senior Russian minis-ter warned yesterday.

Mr Alexander Shokhin, the deputy prime minister for foreign economic affairs, said the future of the reforms hung on decisions to be taken today or tomorrow by an extraordinary session of the Russian Congress of Peoples Deputies.

In an interview with the Financial Times. Mr Shokhio said he expected deputies to vote on a motion to change the constitution which would put the power of choosing the government in the hands of the parlia-ment - a move which would see a new government chosen in the next few weeks or months. "They [the Congress] now have

the best chance of changing the government that they have ever had," he said, adding that antipresidential forces had grown stronger at every Congress.

Mr Shokhin's warning came as diplomats in Bonn revealed that Mr Helmut Kohl, the German chancellor, has written to fellow western leaders urging their sup-port for Mr Yeltsin in his constitutional struggie. In particular, Mr Kohl has passed on a query from Mr Yeltsin, asking for confirmation of western political support if he is forced to intro-

duce emergency measures. Yesterday Mr Ruslan Khasbulatov, the parliamentary speaker, dismissed Mr Yeltsin's most recent proposals on constitu-tional reform. The draft law pro-posed by Mr Yeltsin if parliament did not agree to his preferred option of a referendum, was "not serious" and should not be considered, Mr Khasbulatov said.

But Mr Vladimir Shumeiko, leputy prime minister, said if Mr Yeltsin was denied a referendum or an agreement, he would run his own plebiscite. When supported by the people, he would take "certain action against other branches of power.

Mr Shokhin said that, if the Congress accepted proposals framed last week by Mr Yeltsin, the government would tighten monetary and credit policy. If not "we will continue to try but it will be much more difficult". He said if Congress "makes

one little amendment it will have power over the cabinet. This means that we would have a new government which would put forward a soft economic policy". The government was prepared to compromise with parliament

Continued on Page 14 Afloat on a cruel sea, Page 13

Weill set to buy back reforms in Shearson for \$1bn

By Alan Friedman and Patrick Harverson in New York

MR SANFORD WEILL, the Wall Street entrepreneur who built the Shearson brokerage empire in the 1970s before selling it to American Express, is about to recapture his creation for \$1bn.

The financial services and travel group, whose image has been tarnished lately by bitter boardroom battles, is understood to be only days away from selling Shearson's retail brokerage and asset management businesses which suffered heavy losses last year. It bought Shearson for \$900m in 1981.

Mr Weill, a former American Express president who left the company in 1985, now runs Primerica, the US financial services group which aiready owns Smith Barney, another broker. The purchase of Shearson would represent a return to the kind of daredevil deal-making that made the 59-year-old Brooklyn native a Wall Street legend in the 1970s.

The proposed sale would create securities powerhouse to rival Merrill Lynch as the biggest bro-

annual revenues of more than \$13bn, almost 500 branches and 11,400 brokers. It would also give Primerica ownership of commercial property in Manhattan, including a 40-storey office block and adjacent computer centre.

Primerica and American Express yesterday confirmed the Shearson talks. One American Express executive said: "My sense is that we are almost there. The agreement could happen within the next day or two." The two companies discussed a similar proposal three years ago, but the talks stalled. Lehman Brothers, the invest-

ment banking arm of the Shearson group, has been lett out of the present negotiations. It was, however, learnt yesterday that a management buy-out is being discussed by senior executives at Lehman Brothers.

American Express insiders at \$27%, up by \$%. think it likely that the group, keen to bolster capital and focus on its core travel and card businesses, will eventually agree to a

Lehman buy-out. Mr Weill started on Wall Street \$116m last year.

ker in the US, with combined as a trading floor clerk for Bear Stearns, forming his own brokerage firm in the 1960s when still in his 20s. After selling Shearson in 1981, he became president of American Express. In 1985, he became one of several presidents to leave during the chairmonship of Mr James Robinson, who was himself forced to resign last month.

Mr Weill, whose lawyers were yesterday examining the draft agreement, is a close friend of Mr Harvey Golub, the man who replaced Mr Robinson as chief executive of American Express. It was Mr Weill, a godfather to Mr. Golub's son, who hired Mr Golub to run an American Express sub-

News of the talks was well received by the markets. Primerica's share price jumped by \$2% to \$42% and American Express's rose more than \$1 before settling

Shearson has been a big burden to its parent in recent years. It lost more than \$900m in 1990. and after a brief return to profitability in 1991, racked up a loss of

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Craxi loses immunity in bribes case

By Robert Graham in Rome

THE pugnacious battle fought by Mr Bettino Craxi, the forer Socialist leader, to avoid facing charges of alleged cor-ruption suffered a serious blow

The special parliamentary commission dealing with mag-istrates' petitions for waiving immunity yesterday decided there was sufficient grounds for Mr Craxi to face the allegations on three counts. A final decision will be taken by the full house; but in the past it has been rare for the recommendation of the commission to be ignored.

The decision to waive his immunity is the first time parliament has decided such an action in the case of a former party secretary. Immunity has already been waived in the case of Mr Gianni de Michelis, the former foreign minister and deputy Socialist leader, who is facing corruption charges over alleged bribes linked to construction contracts in Venice.

Milan magistrates have sent a dossier to parliament listing more than 40 incidents in which Mr Craxi is alleged to have received illicit funds for his party to the tune of L36bn (£16.4m). They asked parliament to allow them to proceed with charges on separate

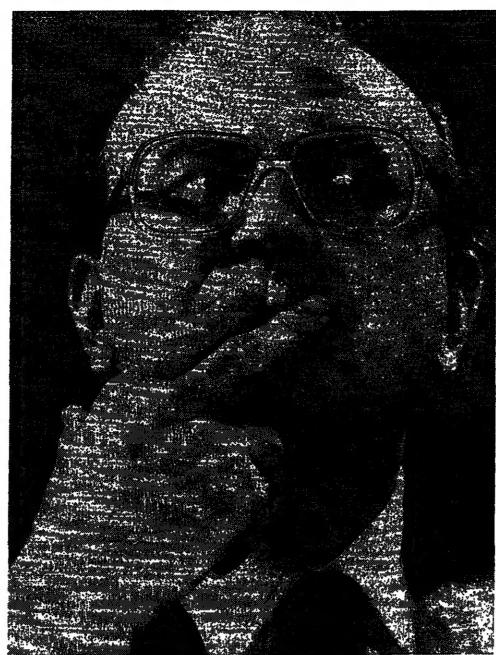
stolen funds.

The Socialist members of the commission sought to limit the waiving of immunity on the two lesser counts of corruption and illicit party funding. But the commission accepted all

More than 50 deputies and senators have so far received notice they are under investigation in Italy's wave of corruption scandals; and yesterday two more were caught in the net, including Mr Fran-cesco Cafarelli, the Christian Democrat deputy who is currently secretary of parlia-ment's anti-Mafia commission. But at the beginning of this month documentation for only 45 requests to have immunity waived to face corruption charges had been received.

Mr Craxi was not present at yesterday's hearing but sent a letter repeating earlier allega-tions that Milan magistrates were waging a deliberate cam-paign to discredit him and the Socialist party.

Mr Craxi was first served notice he was under investigation for alleged corruption on December 15. Since then he has received 11 other cautions. Hearings have not covered investigations into the transfer of funds to a Swiss bank account for the Socialist party by the late Mr Roberto Calvi, head of Banco Ambrosiano.



Eni chief joins the corruption scandal list

By Halg Simonian in Milan

MR Gabriele Cagliari, the chairman of Italy's Eni energy and chemicals state holding company, has been arrested on charges of alleged corruption and illegal funding of political parties. Separately, Mr Franco Ciatti, chairman of Enl's Nuovo Pignone turbines and compressors subsidiary, was arrested on corruption charges.

Mr Cagliari is the most senior businessman to be detained by Milan magistrates investigating contracts from the Enel state electricity authority since a sweep of Enel's contractors began last month. The arrests, in connection with contracts for gas turbines for Enel power stations, had an immediate impact on the Milan stock exchange. Coupled with growing uncertainty about the future of the government of Mr Giuliano Amato, the Comit equity index fell by 17.11 points to 511.02, while the lira came under heavy pressure, dropping to L965.38 against the D-Mark.

The involvement of Nuovo Pignone in the corruption investigations could represent a blow to the government's ambitious privatisation programme, as the company is one of the top candidates on the list of planned disposals. Yesterday Nuovo Pignone's works council called on the government to suspend the pri-

maximum transparency. The arrest of Mr Cagliari could also set back plans at Eni, which hopes to float stakes in its Agip petroleum and Snam gas distribution operations, as well as sell smaller subsidiaries. Mr Piero Barucci, the Trea-

sury Minister, yesterday stressed the arrest would not affect Eni's operations. Under changes pushed through by the government last year, everyday responsibility for running the company had passed to its managing director, Mr Franco Bernabe. In a statement, Eni said its board would be meetsaid its observe what he impli-ing soon to consider the impli-cation of Mr Cagliari's arrest. Eni had already come under judicial scrutiny earlier this year, when Mr Cagliari was

informed by Rome magistrates that he could face prosecution.

The list of those arrested, and mostly released, includes Mr Giampiero Pesenti, chairman of the Italmobiliare holding company which controls the Franco Tosi engineering group, Mr Roberto Fochi, chair-man of Filippo Fochi, a listed engineering concern, and Mr Aldo Belleli, managing director of the big Belleli plant building

and engineering group.

According to leaked testimony, Mr Ciatti admitted to having paid L4bn (£1.8m) in kickbacks, equivalent to 10 per cent of the orders received from Enel. The money was paid into an unspecified for-

MEPs call for EC jobs package

By Lionel Barber in

MEMBERS of the European Parliament yesterday called for a reflationary jobs package for Europe, warning that rising unemployment was under-mining public confidence in the European Community and European union.

During a debate on the European Commission's annual economic report for 1993, MEPs criticised as "timid" the EC growth package agreed by member states at the Edinburgh summit last December Without three per cent growth, the number of people out of work in the Community would reach 17m - or almost 11 per cent - by the end of the

year.
Mr Henning Christophersen,
BC economics commissioner,
acknowledged that the Commission's growth forecast of 0.8 per cent for 1993 raised questions about whether member states would meet the "convergence criteria" required to be eligible for Kuropean Monetary Union in 1996. But he held out the prospect of a speedy drop in inter-

est rates, particularly in Germany, to offset the recession.

A stark warning of the risks of low growth and competitive devaluations caused by the recent monetary instability in the EC appeared in a parliementary report on the Commission's growth forecasts prepared by Mr Alman Metten, a Dutch Socialist MEP.

Polat

back

According to the report, "recent developments show that EC countries are so interdependent that devaluation by one produces a domino effect of competing devaluations. Were these phenomena long to continue, then even the single market would be endangered. Mr Metten said yesterday that without lower interest

rates in Germany, the French franc risked having to float outside the Exchange Rate Mechanism - a prospect which would deal a possibly fatal blow to monetary union.

how to monetary union.

He recommended that the Commission and Council examine the possibility of setting target zones of fluctuation for the dollar, yen, D-Mark and, possibly, the Ecu, in order to restore monetary stability. The European Parliaments of the Council Parliaments of the Counci ment will vote on the Commission's report today

Technician who put his company centre stage

R Gabriele Cagitari, chairman of Italy's Eni state energy and chemicals concern, has the look of a man more at home on an oil rig than in the office. However, it would be wrong

to portray him merely as a burly technician. Under his chairmanship Eni has pursued a high-profile sponsorship of Milan's famous La Scala opera house. He regularly attends the opera's glitzy "prima" each December. Mr Cagliari, 62, is also a keen supporter of the Aspen Institute's Italian branch, which organises regular conferences on environmental issues, particularly related to energy and the Mediterra-

Haig Simonian profiles the man with a love for risks

An industrial engineering graduate of Milan's prestigious polytechnic, he joined Eni in 1955, starting at the Houston, Texas, office of its Anic subsidlary. He stayed with the group, then beginning its long chalnow minister of finance. lenge to the international oil industry's dominant "seven sisters", for the next 11 years. The period took him from the US back to Italy, where he moved to Eni's Snamprogetti

plant engineering subsidiary. After a spell at Eurotecnica. an energy-related engineering group, Mr Cagliari returned to Eni in 1981. Two years later he

joined the group's managing board, where he concentrated on the tormented restructuring of Italy's chemicals sector. In 1989 he succeeded as chairman Mr Franco Reviglio, the socialist university professor who is

The choice of Mr Cagliari was in many ways obvious. Apart from his technical background, he was one of relatively few senior Italian executives to have had wide-ranging job experience abroad. He speaks good, if not perfect. English.

Perhaps as important, he

bore the right political stamp, having been closely associated with the Socialist party, which has dominated Eni since its creation. Recently, his political credentials have brought Mr Cagliari under media scrutiny. Links have been traced between private family businesses and those of Mr Silvano Larini, the playboy Socialist architect closely associated with Mr Bettino Craxi, the former Socialist party leader, who gave himself up to Milan mag-

His arrest, and that of Mr Franco Ciatti, the chairman of

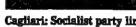
Eni's Nuovo Pignone subsidiary, is based entirely on his public business role rather than any private activities.

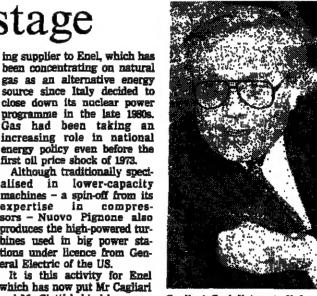
Both men have been held on allegations of corruption and illegal political funding in relation to Nuovo Pignone's contracts to supply gas turbines to the Enel state electricity authority.

Nuovo Pignone, one of the prime candidates on the government's privatisation list, is Italy's leading producer of gas turbines, compressors and other high-technology engineering equipment. It is a lead- and Mr Ciatti behind bars.

gas as an alternative energy source since Italy decided to close down its nuclear power programme in the late 1980s. Gas had been taking an increasing role in national energy policy even before the first oil price shock of 1973. Although traditionally specialised in lower-capacity

machines - a spin-off from its expertise in compres-sors - Nuovo Pignone also produces the high-powered turhines used in big power sta-tions under licence from General Electric of the US. It is this activity for Enel which has now put Mr Cagliari





Cagliari: Socialist party links

Sweden urged to boost savings

By Christopher Brown-Humes in Stockholm

AN independent commission set up by the Swedish government has called for a quicker resolution of the country's banking crisis and for further savings of up to SKr70bn (£6.3bn) to help tackle the country's acute economic diffi-

The commission, led by economist Mr Assar Lindbeck, broadly supported the country's current monetary policy, saying that too swift a lower-ing of interest rates risked higher inflation and a further

weakening of demand. In a report published yester-day, it said: "The central bank is advised to continue its strategy of a gradual reduction in short-term interest rates, provided there is no dramatic fail in the exchange rate or a dra-matic increase in long-term

The report was commissioned by Ms Anne Wibble, the finance minister, in December to provide a blueprint for Swedish economic recovery in rency flotation last November. Mr Lindbeck said top prior ity should be given to resolving the country's banking crisis. He also suggested that Sweden needed to save or raise

value out of the SKr90bn allocated to programmes for the jobless. He called for reduced benefits and a shift towards less expensive training pro-

increasing the government's mandate period, cutting the number of MPs, strengthening the budget process and reducing the influence of all types of

interest rates." the wake of the forced curbudget next month.

a further SKr60-70bn in the next five years in order to stabilise public debt at 40-50 per cent of GNP by 1998. High long-term unemploy-ment was the most serious threat facing Sweden, but the country needed to get better

In its list of 113 proposals the commission also suggested

interest groups.

The aim now will be to build concensus through wide-ranging discussions in the coming ks, with some of the proposals likely to be adopted in the country's supplementary

Greeks queue to file tax returns in Athens

By Kerin Hope in Athens

LONG queues at Inland Revenue offices around Athens are the first indication that the Greek government's efforts to reduce tax evasion may be having an effect.

The Finance Ministry is optimistic that its television campaign, exhorting Greeks to 'make a new start" by filing a tax return, will produce a 15 per cent rise in the number of income declarations received by Friday's deadline.

Recession and the launch of the single market has affected revenue collection in recent months, with VAT receipts showing a sharp decline. However, Greece faces much bigger problems in trying to restrain an underground economy that may have doubled in size over the past decade, and reversing a widely held belief that no intelligent citizen pays more

than a minimum of tax. "One of the main reasons revenues are behind just now is because, under single mar-ket rules, VAT is no longer collected at customs but when goods are sold," according to

Mr Stefanos Manos, the economy minister.
"That's less worrying than

the very large degree of tax evasion. The black economy is anywhere between 35 and 50 per cent of the real economy. That's a huge amount of money going untapped."

Cuts in the levels of corpo-

ration tax and income tax. introduced when the fiscal system was overhauled last year, appear to have made little impact on attitudes.

A recent Finance Ministry check of credit card receipts on the island of Santorini, a popular tourist destination, revealed that shopkeepers were declaring only 8.5 per cent of transactions. It was followed by a sample cross-checking of company returns, which resulted in about 25,000 businesses being asked to file a

supplementary tax declaration. Computerisation is under way, but it will be some time before automatic cross-check-ing can be widely applied. Meanwhile, tax officials are being offered an incentive to press for payment of tax arrears: a share of the receipts.

Goodman defends company against fraud charges

By Tim Coone in Dublin

Mr Larry Goodman, the controversial founder of Goodman International, Europe's largest meat processor, yester-day appeared in the witness box to defend his company against allegations of fraud, abuse of EC payments systems, and political favouritism.

eaking before a parliamentary enquiry into the Irish meat industry. Mr Goodman claimed the allegations have been "blown up out of all pro-portion". Although he did not deny some breaches of regulations had taken place at a couple of his plants, he said that a comparison should have been made with other companies in

the industry. "We can back our record against anyone's," he

Goodman International ran into financial difficulties in 1990 following the Gulf war and the suspension of export contracts to Iraq. An examiner was appointed in August of that year to enable the company to arrange an agreement with its 33 creditor banks to whom it owed some I£460m (£450m).

The banks had guaranteed a further I£200m against beef contracts.

Answering allegations that his company had taken advan-tage of the EC intervention system, Mr Goodman said:

EC, our net margins were in excess of 5 per cent. They have never been at that level since. We lobbied very strongly against the intervention system as we were concerned that people would sell without any marketing effort. It removed the incentive for companies to market in Europe and abroad."

The Goodman group has become Europe's biggest sup-plier of meat products to supermarket chains in the UK.

Accusations of dishonesty made in the witness box by the prime minister, Mr Albert Reynolds, against a cabinet col-league last October resulted in the collapse of the coalition and a general election last

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fament to the day

pared to the previous quarter. The figures underlined "recessive tendencies", the federal statistics office said yesterday. Conditions had worsened steadily following a relatively strong showing in the first

three months of last year, when mild weather helped gross domestic product to grow WESTERN Germany, the by a seasonally adjusted 1.5 per powerhouse of the European

Powerhouse of Europe weakens markedly as recession fears grow

Excluding that anomaly, growth has now been shrinking since the summer of 1991, yesterday's figures showed. While the fourth-quarter fall is less than the 1.5 per cent estimated by the Bundesbank

recently, it demonstrates that economic activity is weakening

Independent economists now expect the economy to shrink by up to 2 per cent this year. The statistics office pointed

out that capital investment in the quarter under review had tallen by 4.6 per cent: the biggest drop since mid-1984. Meanwhile, the number of people employed in the west had fallen, by 89,000, for the first time in nine years.

A 2.5 per cent increase in domestic demand in the last

push imports up 4.7 per cent while exports rose by only 0.6 per cent, the office

Meanwhile, investment in construction was 6.7 per cent higher due mainly to continuing demand for housing.

Private consumption rose 1.8 per cent, partly under the influence of the increase in value added tax on January 1, which spurred demand for con-sumer durables.

West German economy shrinks by 1% West Germany

1991

Kohl calls for G7 political backing for Yeltsin in crisis

By Quentin Peel in Bonn

By Christopher Parkes

economy, saw a fall of 1 per

cent in gross domestic product

in the last quarter of 1992, com-

in Frankfurt

MR Helmut Kohl, the German chancellor, has written to fellow western leaders urging their support for Mr Boris Yeltsin, the Russian president, in

eaders in the Group of Seven industrialised states, including US President Bill Clinton, President François Mitterrand of France, and Mr John Major, the British prime minister, reports Mr Yeltsin's confidence

It also spells out the Russian leader's determination to make one final effort at reaching

letter, sent directly to western parliament, while expressing some doubt about the likelibood of such a deal.

The letter follows Chancellor Kohl's brief stop-over in Moscow for talks with the Russlan president last week, on his way back from a two-week trip

It reflects deep German anxiety about the growing instability in Russia, and doubts about the ability of Mr Yeltsin to implement a coherent government policy during the current constitutional crisis.

Bosnians urged to accept ethnic map

RUSSIA yesterday stepped up pressure on Bosnia's warring parties to accept the international peace plan, dividing their land into 10 semi-autonomous provinces mainly along ethnic lines, agencies report.

The Russian statement was issued as Bosnia's Moslem-led government and the Bosnian Serbs considered their response to the peace plan drawn up by mediators Mr Cyrus Vance and Lord Owen. "The current round of talks

in New York confirmed the

the Vance-Owen plan as the basis for a settlement in Bosnia-Hercegovina," Russian President Boris Yeltsin said.

The peace talks in New York were interrupted on Saturday to give the Bosnian Moslem government and its Serb adversaries time to decide whether they accept the medi-

 A UN relief convoy attempting to reach a trapped Moslem town in eastern Bosnia was stuck at the Serbian border

Krupp steel plant closure sparks protest

By Ariane Genillard in Bonn

KRUPP Stahl yesterday announced it will close an entire steel mill in Rheinhausen, in the heart of the Ruhr region, making the mill the first casualty of the German steel crisis.

The closure, which will take place in the second half of the year, will involve the loss of 2,000 jobs. Steel production will be partially transferred to the company's mills in Dortmund, also in the midst of restructuring. The company also ounced a further 2,500 jobs

will be cut there. News of the closure of the 100-year-old plant in Rheinhausen immediately sparked pro-

test among steel workers.
"We had to decide with a grieving heart to concentrate our steel production in Dortmund," Mr Jürgen Harnisch, chairman of Krupp Stahl told protesters yesterday. The production concentration at Dortmund should improve company results by DM250m (£106m), in addition to savings of up to DM300m coming from

the merger of Krupp and

Hoesch, he said. Rheinhausen was once the site of a fierce battle when steel workers took to the streets in 1988 and won its temporary survival. Over 10,000 workers took part in protests again last month after Krupp Stahl announced it was considering closing one of its many

Survival chances for its steel plant in Siegen, also marked for possible closure, improved after Mr Harnisch said yesterday be was considering a minimill concept to reorganise its special steel production. The move could save an estimated 1,500 jobs for the 4,000 workers currently employed at the plant. "We think this could be a workable concept," he told the Westfalenpost, a regional

newspaper. The newspaper also cited officials at Krupp Stahl saying prospects for co-operation talks between their company and Thyssen Stahl and Saarstahl. the largest and sixth largest German steel producers, were

Philips to axe jobs in Belgium

By Ronald van de Krol

Philips, the Dutch electronics group, said yesterday that it planned to cut 800 jobs in Belgium as part of a trend to produce audio equipment in Singapore and other parts of the Far East.

The job losses, to be spread over two years, are the first big cuts announced since Mr Jan Timmer, Philips' president, unveiled plans last week to eliminate 15,000 out of 252,000 jobs in an attempt to restore profitability in its lossmaking consumer electronics busines

The Belgian job losses will focus on Philips' operations in employs nearly 2,000 people and where it produces compact disc (CD) players and CD-interactive, a multi-media version

Philips in Belgium said these products could be manufactured 25 per cent cheaper in Singapore. The remaining Hasselt operations will concentrate on more complex audio equipment.

In Belgium, as in the rest of the world, Philips is confronted by stagnant markets

his constitutional struggle, according to diplomats in that the Russian military will support him if he seeks emergency powers, the diplomats said. In particular, Mr Kohl has passed on a query from Mr Yeltsin asking for confirmation of western political support if gency measures in Russia. The agreement with the Russian

Poland moves back on track with debt talks

Warsaw negotiator smoothes ruffled feathers of banks

to foreign commercial banks are now expected to take on a new urgency following International Monetary Fund approval this week of a \$655m stand-by

An initial approach was made to foreign banks repre-sented by the London Club of bank creditors early in Febru-ary after an 18-month histus. The Polish team was led by Mr Krzysztof Krowacki, formerly Poland's main trade official in Washington and recently appointed as Warsaw's debt goals as "a reasonable agreement on all aspects of our debt linked to our real capacity to

e to file

The \$12.1bn which Poland owes the banks is made up of capital and the capitalised interest accumulated since Warsaw suspended debt service on all but \$1.1bn of revolving trade credits three years ago. The number of bank creditors has fallen to around 300 from 460 ten years ago as many smaller creditors have quietly sold off their Polish debt on the secondary market. Some debt was also bought back illegally by Polish officials implicated in the so-called Fozz scandal two years ago. Fozz is the Polish acronym for the now-disbanded Polish debt office.

Poland continued to service its commercial bank debt for eight years after suspending its much larger official debt to government agencies in March 1961. A decade of accumulating unpaid debt service pushed up the original \$20bn official debt to \$33bn. But in March 1991 the Paris Club of official creditors agreed a two stage, 50 per cent, debt reduction which was conditional on Poland receiving IMF approval for its reform policies and budgetary disci-

The decision to suspend servicing most bank debt was taken partly on the advice of US academic advisers shortly after the collapse of the communist regime. The move angered the banks as did the decision to stop servicing the \$1.1bn revolving trade credit only days before talks resumed with London Club representa-

One of Mr Krowacki's first tasks at the resumed talks was to explain Warsaw's decision. "We had to place all the debt on the same basis so that we could deal with it comprehensively." he explained. But the unilateral move to non-performing status only days before debt talks resumed was an expensive blow for holders of the revolving credit.

Apart from smoothing the ruffled feathers of bank creditors, Mr Krowacki also has to explain to his domestic audience why Poland needs to reach an agreement on debts incurred under the communist regime. "Few Poles realise that we pay a hefty credit risk premium. The combination of a 4 per cent premium and wider spreads is sometimes higher than the base interest rate

FGOTIATIONS for a reduction in Poland's Warsaw's poor credit rating is an important element in Warsaw's poor credit rating is an important element in Poland's relative lack of success in attracting private investment, which has been channelled mainly into Hungary and the Czech Republic. Hungary, whose per capita for-eign debt is double the Polish level, received over 60 per cent of the \$7bn private capital which flowed into central Europe between 1990-92. Hungary's strong credit rating, sharply declining debt/export ratio and rising reserves has widened its access to US and Japanese as well as European negotiator. He defines Poland's capital markets and reduced the cost of borrowing.

At present Poland is paying only reduced interest on its Paris Club debt. Next year it will have to pay full interest and in 1995 Warsaw will have to resume capital repayment of around \$2bn annually in addition to between \$500m and \$600m in interest payments. A London Club agreement would require additional repayments on the bank debt.

All this has serious budgetary implications for a country

Anthony Robinson and Christopher **Bobinski** review the chequered history of debt servicing

facing a sharply rising domes tic debt burden and the need to keep the budget deficit to around 5 per cent of GDP. This is the main target outlined in Poland's letter of intent to the IMF in connection with the latest standby loan.

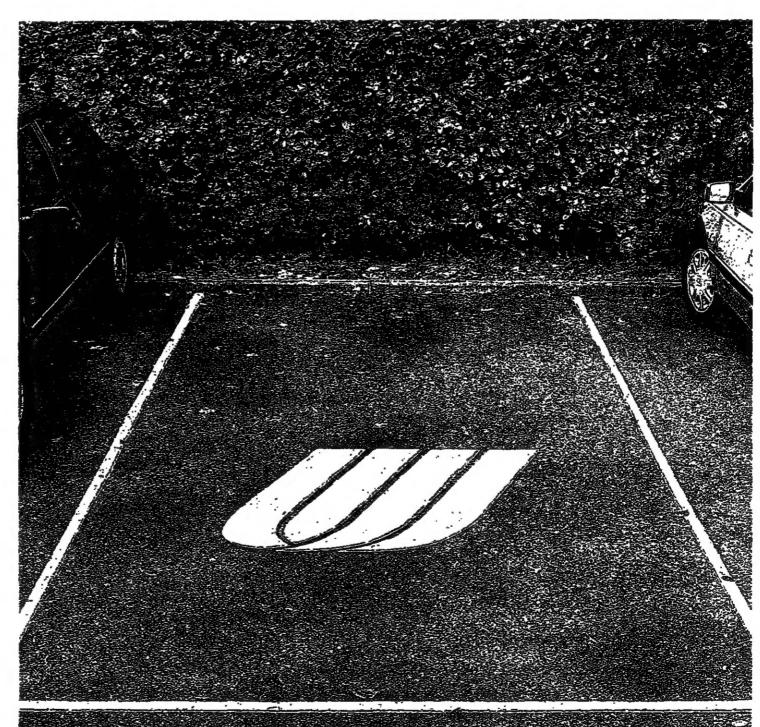
Servicing foreign and domes tic debt will consume 12 per cent of total budget spending in fiscal 1993, according to Mr Jerzy Osiatynski, the finance minister. This will rise to around 25 per cent by 1995 if repayments under both Paris and London Club agreements have to be financed

This will require fresh money and refinancing of existing debt on a substantial scale. Borrowing alone will not be enough. Poland also requires further strong export growth and rising inflows of foreign equity capital.

Mr Osiatynski believes that measures will be required before long to boost exports. "I would prefer to do this through tax concessions to exporters rather than by devaluation which feeds back quickly into inflation. But tax concessions would erode revenue and bring us into conflict with the Euro-

pean Community," he says. His words reflect the narrow margin of choice in a country which has achieved an economic transformation in three years, but badly needs a commercial debt agreement to facilitate investment on the scale required to ensure steady

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John Burton reports on South Korea's own 'Trojan Horse'

R Kim Young-sam has turned out to be a political "Trojan Horse" since becoming South Korea's president almost two

weeks ago. Mr Kim entered the presidential Blue House under the banner of the ruling Democratic Liberal party, but he has acted more as the opposition leader he once was by challenging the political establishment.

"No one expected the breadth of the changes that Kim has introduced to sweep out the old guard," associated with the country's former military rulers, said one Western diplomat. "He's blasting away at all fronts as rapidly as possible to keep his opponents off balance."

But there are already signs that Mr Kim is provoking a backlash. His widely acknowledged political skills may soon be put to the test as he tries to protect his reforms while maintaining the

There is little doubt that the new president has trodden on the toes of some key institutional powers.

He appointed political reformers to the Blue House and his cabinet, while largely ignoring politicians from the DLP's dominant conservative

He also named political loyalists from his minority group to head the DLP instead of choosing a cross-section of officials from the party's

competing factions.
The new president has quickly moved to impose civilian control over the military by ousting the hardline army chief of staff and the head of military intelligence. He also ordered a purge of the once-feared Agency for National Security Planning, the country's espionage organisation.

He appears to be settling personal scores in the process. Prosecutors yesterday sought an arrest warrant for Mr Chang Se-dong, a former NSP director who is accused of arranging attacks on rallies of Mr Kim's opposition party in

Kim's commitment to democratic reform since he opposed the military dictatorship for three decades. But many have been

surprised by the decisiveness that he has displayed in implementing change because he lacks a widespread power base, in spite of joining the ruling party in 1990.

Nonetheless, "one should not underestimate the potential source of opposition against Mr Kim," explains one seasoned political observer.

The first indication of resistance came in a series of newspaper disciosures last week about alleged past unethical actions by several of the newly-appointed cabinet

The printed exposes, which would have unthinkable a few years ago when the media was tightly muzzled, proved highly embarrassing since Mr Kim

More than 100,000 North yang yesterday as the country went on a "semi-war" footing in response to a huge military exercise in South Korea, Reuter reports from Tokyo. The (North) Korean central news agency said Workers' Party official Choe Tae-pok addressed the raily, called in support of an order by milltary chief Kim Jong-il putting the communist nation on heightened alert.

"No one can vouch they (Seoul and Washington) will not go into a real war against North Korea while staging the manoeuvres," Choe said. Washington and Seoul say the annual Team Spirit joint military exercise is a purely defensive exercise. On Monday Kim Jong-il said

he was acting because "war may break out any moment".

had promised to install a clean government as part of his

anti-corruption drive. He immediately sacked three The Blue House believes that

details of the transgressions were leaked to the press by the political opponents who had access to intelligence dossiers. Although a military coup remains a remote possibility, the incident reveals that

dismissed army officers and intelligence agents could play a mischievous role in creating discontent against Mr Kim. Mr Kim must also maintain firm control over the faction-ridden DLP, although his position appears secure for the moment since most of his main rivals left the party in protest after be received the DLP presidential nomination

last year. But he may find it difficult to instil loyalty among DLP legislators if he adheres to his promise not to accept political contributions from business and distribute the funds to the party members as was done in

The powerful bureaucracy could also pose problems for Mr Kim. Although many of his ministers are experts in their fields, they lack administrative experience and consequently organisations. However, Mr Kim may rely on the more savvy technocrats in the Blue House to maintain command over the bureaucrats.

In pushing through reforms Mr Kim does have allies of potentially enormous strength One is business. Although the Seoul bourse initially reacted adversely to some of his anti-corruption measures because of the chilling effect they would have on stock trading, business leaders seem pleased with the president's programme of economic deregulation and his gradual approach toward reform of big

Mr Kim has also gained wide public support because of his anti-corruption campaign and his democratic reforms. If Mr Kim can maintain the public trust, his may yet achieve his goal of creating a "New



Faisal Husselni, chief Palestinian peace negotiator (second from right) and colleagues in London yesterday after resuming contacts with British ministers

Deportee demand deadlocks peace process

Middle East Editor

THE Palestinians will not resume Middle East peace talks until Israel agrees to stop deporting people from the occupied territories, its lead-

ing negotiator said yesterday. Mr Haidar Abdel-Shafi told Reuters in Jerusalem that the talks would remain deadlocked as long as Mr Yitzhak Rabin, Israel's prime minister, reserved the right to deport people. Israel deported 415 Palestinians to southern Lebanon in December and has so

far refused to implement fully UN Security Council resolution 799 which calls for their immediate return. Mr Abdel-Shafi's assessment

of the peace process came shortly before Britain added its diplomatic weight to efforts to get the talks restarted by meeting representatives of the Palestine Liberation Organisation in London. Mr Douglas Hogg, minister

at the Foreign Office, ended a two-year British ban on top-level contacts with the PLO during talks with Mr Faisal Husseini, the leading

Palestinian in the occupied territories, Mr Hael Pahoum, who heads the PLO European section in Tunis, and Mr Afif Safieh, its London representa-

Mr Warren Christopher, the US secretary of state, said yesterday his government would not be following the British example because of disappointment at the PLO's failure to be of assistance on terrorism issues. "We're going to continue, at least for the time being, with our present policy," Mr Christopher said.

Britain informed the US in Mr Hogg said after his meeting with the three Palestinians

the peace process.
Mr Yassir Arafat, the PLO chairman, hoped that the British move and an earlier Belgian decision to upgrade the Palestinian mission in Brus-

PLO and did not encounter

any opposition. Israel, how-

ever, complained about the

resumption of British contacts,

arguing that it would damage

sels signalled a more positive European role in the peace

that they understood the importance of resuming bilateral negotiations with Israel "Further movement on the question of deportation would greatly facilitate their ability to come back into the talks,"

Mr Salieh, who has been working hard for a resumption of ministerial contacts, described the meeting with Mr Hogg as "warm, constructive and very promising". Mr Husseini added: "I am

optimistic. I believe that by more work we can solve this problem of the deportees."

framework, in particular the equitable access of all South

Africans to all opportunities in

the economy."

During the difficult political

transition to democracy, the

government would provide a

package of measures including

labour intensive public work

schemes, unemployment insur-ance and special training pro-

Mr Keys has been careful to

stress that the restructuring

proposals are not prescriptive. out are meant to or

But his officials make clear

that reform will begin with

next week's budget. "It may

have more teeth than people

would like to see" says Mr

The document highlights

constraints on growth: in the

short term, a large fiscal deficit

could crowd out a private

investment revival, and bal-

the legacy of apartheid -

defects in the socio-economic

system, such as large distances

between industrial centres and

labour force accommodation,

platform for debate.

Jacobs.

stemmed.

Fujitsu cuts back on new recruits as profits fall

FUJITSU. Japan's largest computer company, is cutting recruitment drastically and shaking up management in an effort to improve its poor per-formance, writes Michiyo Nakamoto in Tokyo.

Fujitsu will reduce the number of new graduates it takes next year to 300 compared with the 2,200 recruits it will welcome this March.

The move underlines the severity of the country's economic slowdown and reflects the growing view that further cuts will be needed despite hopes of recovery soon.

Fujitsu is suffering in the face of intense competition in the computer market, and desperately needs to restructure its operations. It employs

In October the company fore-cast a 50 per cent decline in pre-tax profits to Y20bn (£117m) on revenues of Y2.470bn but is increasingly unlikely to meet that forecast. In April the company will introduce a management assessment programme, linked to managers' bonuses.

Angola heads for long war

The Angolan government has warned of a long and bloody. round of civil war as Unita rebels yesterday threatened to "neutralise" oil installations in the north if government forces tried to recapture them. Reuter reports from Luanda.

The government army chief warned Angolans earlier that Unita possessed a "terrible war machine" and they should prepare for a long war which could cause more casualties than the previous 16-year civil

The loss of the highland capital of Huambo at the weekend dealt a double-blow to the government, hard-pressed since fighting resumed in earnest two months ago after Unita's rejection of last September's election results.

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Fig. 50 to 5

India to ease line on Kashmir

New Delhi is rethinking its hard line on Moslem militants in India's Kashmir region and is working on a political settle-ment to end three years of bioody rebellion there, a gov ernment spokesman said yesterday. Reuter reports from New Delhi.

The spokesman said Mr Rajesh Pilot, junior home (interior) minister, had a meeting visit last month to high-secustate of Jammu and Kashmir.

The state governor, Mr Gir-

The softer line involves a shake-up of the local administration and more patrolling on the border with Pakistan. Talks with Moslem militants have not been ruled out. Until now India has refused to

Cambodia curbs timber exports

keeper in Cambodia imposed strict export quotes on sawn. timber yesterday to preserve dwindling resources and curb the income of recalcitrant Khmer Rouge guerrilles, Reuter reports from Phnom Penh. A ban on the export of uncut

logs, backed by the United smooth transition from the old Nations, was agreed last September by the Supreme National Council, representing all Cambodian factions, to protect Cambodia's resources.

source of income for the Khmer Rouge in an attempt to get them to abide by the pact. But UN sources say the guerrillas and the government have been circumventing the ban by setting up sawmills and export-

Mr Yasushi Akashi, who heads the 21,000-strong UN Transitional Authority in Cambodia (Untac), told a news conference the Funcinpec faction and the Khmer People's National Liberation Front sought a complete ban on

government, which would have been faced with a cut-off of one of their few remaining sources of income.

ers as SNC chairman and imposed a 30 per cent reduc-tion. He said the total volume of sawn timber exported in 1993 would be the equivalent of 160,000 square metres of unpro-

Africa plan focuses on equality

Philip Gawith and Patti Waldmeir report on a radical economic programme

THE South African government yesterday launched its most radical economic restructuring programme since it took power in

The programme, which reflects a new emphasis on equality, would touch almost every aspect of economic life.

It aims to increase the amount of investment in relation to gross domestic product to improve productivity and to re-establish the stable financial environment without which It is a classic supply-side

restructuring programme but with a human face, designed to make it palatable to opposition political forces whose approval must be gained if it is to succeed. Initial union reaction was positive, with a leading union economist describing the plan as a useful starting point rather than rejecting it out of hand. The changes required to

effect it are enormous. They include: • Reducing government current expenditure to 20.1 per

cent of GDP in 1997 from 26.8 per cent in 1992: · Lowering the company tax rate to 40 per cent from 48 per cent, and the individual's marginal rate to 40 per cent from

43 per cent, by 1997;
• Reducing tariff barriers on imports to 18 per cent (possibly 14 per cent) in 1997 from 27 per

kar party, two opposition par-

the prospect of five more years

of Mr Suharto. After a depressed second half of 1992,

 Keeping real wage increases to 0.75 per cent per annum; • Taking a tougher line on anti-competitive behaviour, price-fixing and collusion: Balancing the budget by 1997. (Last year's deficit represented 9 per cent of GDP); Phasing out exchange con-

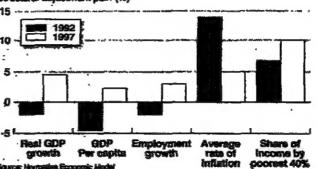
Success will depend on wage restraint from the unions and an inflow of foreign capital equivalent to 2.8 per cent of GDP in the mid 1990s, tailing off later (largely from interna-

It will also depend on strong government's ability to push through unpalatable reforms - at a time when Pretoria is about to hand over to a power-sharing government which could prove weak and

The programme is published against a background of widespread acceptance of the pressing need for fundamental economic restructuring. "South Africa cannot afford

another decade of poor economic growth, since this will only lead to greater unemployment, poverty, violence and social instability," comments Mr Derek Keys, minister of finance and the driving force behind the document, in the At the heart of the pro-

eramme is the simple assumption that levels of investment. and productivity of that investment, must be raised if South South Africa Structural adjustment plan (%)



Africa is to meet its daunting development challenge. Piscal and monetary discipline the improved functioning of product and labour markets and liberalised trade and financial markets are among the

programme's goals. The focus is on providing long-term solutions to structural problems, rather than short term palliatives. The approach will be gradual as the government believes the economy, and the society are too sick to survive a "big bang"

overnment officials Jacknowledge they bave long paid lip service to economic reform. And while some progress has

been made - for example in monetary policy and agriculture - it took the deepening economic crisis and the

than equality.

economy ... accepts that the process of economic growth the country and its people."

cess of structural adjustment in the developed market economy and a reconstruction of its

"What is envisaged is a pro-

appointment last May of Mr Keys, to produce a comprehensive programme. While the programme is

focused on the supply side, it makes clear that growth is not seen as being more important The document notes "the new political understanding of the nature of the South African

must be seen as but a central feature of the broader process of economic development of in the past they have always insisted that growth alone was enough to cope with

and lack of education and skills which would "prevent the full participation in the growth process by the country's large developing commu-

Democracy where no one ever argues Indonesia's president will be re-elected unanimously today, writes William Keeling

T NDONESIA'S President Subarto is likely to get unanimous support from the People's Consultative Assembly (MPR) today when it elects him into a sixth term of office. The lack of opposition is part of Indonesia's "consensus" democracy, say ministers. But government critics believe it signals trouble for when Mr Subarto, now 71, finally relin-The assembly meets for 11 TRICHUR-3, KERALA, INDIA days every five years to ratify the government's programme and vote for the president. Its five factions — the ruling Gol-Phone: 21246, 28341- Telex: 887-260 STAR IN

ties, military representatives and provincial leaders – have always concurred on all economic and political issues. Even demands by the small nationalistic, pro-Christian March 31, 1993 Indonesian Democratic party for an electoral process less favourable to the ruling party were withdrawn to avoid a

vote, an act which "shows a Tel: 021-454 0922 Fax: 021-455 0869 or maturity of democracy in our country." says energy minister Mr Ginandjar Kartasasmita. Kirsty Saunders in London Tel: 071-873 4823 Fax: 071-873 3428 Investors in the Jakarta FT SURVEYS stock market have welcomed

the composite index has risen 13 per cent this year. Brokers say foreign buying has increased ahead of the election. Golkar dominated last year's

general election for 400 of the 500 seats of the lower parlia-ment. Representatives of the armed forces, which have a political role enshrined in the constitution, fill the remaining 100 places. The 1.000-member assembly consists of the lower parliament and 500 members appointed by the government. Golkar has formed the gov-ernment since 1971, the first

election following Mr Suharto's assumption of power in 1965. Political analysts worry that this monopoly on power is stor-ing up problems for the future. Mr Cornelius Lay, a lecturer at the University of Indonesia. believes long exclusion of opposition parties from power may produce radicalism as they become disenchanted

with the political process. Mr Suharto, however, a for-mer major-general, is unlikely to relax his grip. Last week he criticised liberal democracy as failing to sustain development. He reaffirmed the military as "an inseparable part of our

He is bolstered by a track

record of economic growth averaging 6 per cent a year over the last two decades. The proportion of the population living in absolute poverty has fallen from 60 per cent in 1970 to under 15 per cent, Annual per capita income has risen from \$70 in the mid-1960s to over \$600 (£422) now. Mr Suharto can also point to

an influx of foreign investment worth \$34bn over the last five years. Non-oil exports, driven by an increase in manufacturing investment, have risen from \$8.5hn in 1987 to an estimated \$21bn last year and are growing at 20 per cent a year. However, some businessmen are concerned that Mr Suhar-

to's next cabinet, to be announced within two weeks. will reverse the trend toward economic deregulation, where the government has liberalised the banking sector in particular, and return to a policy of state intervention.

The government is already providing substantial funds for a state-owned high-technology sector involved in aircraft, shipbuilding and munitions manufacturing. Donor agencies complain that what the government calls deregulation has to date often Suharto: no heir apparent

entailed transferring state monopolies to favoured private companies, while the system of competitive tender is often disregarded by the government

when awarding contracts.

On balance, however, donors and businessmen are hopeful for continued economic growth and, with the military playing a central role, a peaceful transfer of power from Mr Suharto.
As one business executive explains, possibly the most del-

generation military leaders (who fought for independence) to the new generation. There is still, however, no apparent successor to Mr Subarto. General Try Sutrisno, the sole vice-presidential candidate and former aide to Mr Suharto, is regarded by many officials as lacking charisms. Senior diplomats believe General Wismoyo Arismunan-

dar, deputy chief of army staff and Mr Suharto's brother-in-law, is being groomed for the job. His appointment, however, would antagonise govern-ment and military officials keen to prevent the Suharto family, already powerful in business, becoming a ruling What is apparent, say the government's critics, is that

Indonesia's 185m people will have little involvement in choosing the next leader. And the three separatist movements in Aceh, Irian Jaya and East Timor are a reminder that political stability is not assured. Without Mr Suharto and the depth of authority he commands. Indonesia's "consensus" democracy may begin to crack.

with the militants during a rity detention centres in the ish Saxena, was behind the

ance of payments problems will constrain growth if large net capital outflows cannot be The longer term constraint is

> hold talks with militants until they surrender arms and agree not to discuss secession.

The United Nation's top peace-

It also curbed a lucrative

exports of sawn timber. But this was opposed by the

To break the deadlock, Mr Akashi used his executive pow-

WANTED **DEALERS WORLD-WIDE** A reputed Indian firm engaged in the manufacture of PVC pipe fittings and allied products requires dealers world-wide for the PVC PIPE FITTINGS (In MM and BS size) ranging from 20mm to 160mm FLUSHING CISTERNS (plastic) SEAT COVERS FOR EUROPEAN CLOSETS ELECTRIC CONDUIT FITTINGS SOLVENT CEMENT (for PVC pipe fitting-pipe adhesions) DOUBLE UNION BALL VALVES (PVC) FOOT VALVE (PP) DIRECT YOUR ENQUIRIES TO: STAR PLASTICS.

GUERNSEY

The survey will be seen by leading international business people In 160 countries worldwide.

By George Graham in Washington

PRESIDENTS Bill Clinton and

François Mitterrand yesterday

called for greater urgency in

helping Russia with western

ing industrial nations before

the regular summit to be held

in Tokyo in July, but said that

the G7 must move before that.

until July," Mr Clinton said

THE US Congress's Democratic

majority is set to agree on

even deeper cuts in spending than those proposed by Presi-dent Bill Clinton.

The House of Representa-

tives Budget Committee is

expected to vote today on a

budget resolution that will

make extra spending cuts totalling \$63bn (£44bn) over

five years on top of Mr Clin-

ton's own plan, which had aimed to trim government

spending over the period by a Agreement on the budget resolution is the latest stage in a fever of fiscal responsibility that has infected liberal spend-

ers, conservative farm subsidi-

sers and fervent opponents of

President Clinton first

greed on an additional \$55bn

of spending cuts with Demo-

cratic party leaders in the

House of Representatives on

Monday night, but further

prompted Democrats on the director, said yesterday that

MS JANET Reno promised in her closet such as had

violent crime

meetings on Capitol Hill

By George Graham' in Washington

"I don't believe we can wait

ijitsu ts back

gola heads long war

on Kashmir

umalia curb

ber experts 🌲

Reno promises to be tough on

ita to case

forced to clean up the mess they have left behind". Ms Reno would be the first woman attorney-general if confirmed in office. This appeared in little doubt yesterday, as the committee greeted her with applause and initial questioning from senators of both parties revealed little controversy about her background and Senator Joseph Biden, the immigrant who became a

ney-general whose priorities

would be "attacking violent

crime, drug trafficking and

She told the Senate judiciary

committee at the opening of

her confirmation hearings she

would ensure civil rights laws

and rules protecting the envi-

ronment would be rigorously

enforced. Polluters should be

public corruption".

Democratic chairman, and Sen- newsman in Mlami.

after a morning meeting with Eastern Europe and the former Mr Mitterrand in Washington. Soviet Union. An emergency G7 meeting would probably be useful but might not be possible in the face of Japan's objections. Nevertheless, the west must move aggressively" to help Russia. Both men acknowledged that Japan's opposition to the idea of holding an emergency sum-mit of the Group of Seven leadwhich might otherwise be forced to look increasingly to arms sales as the only way of

> Mr Mitterrand, who has advocated an emergency G7 meeting, added that Japan appeared to misunderstand the urgency of the problems facing

earning hard currency, Mr

House Budget Committee to expand those cuts to \$63bn,

and Democrats in the Senate

are working on an even larger

his budget plan last month, it was widely assumed that he

would have trouble keeping its spending cuts intact. Instead,

Congressional Democrats have

"When the whole process started, the issue was, would the Congress go as far as the

president recommended," said Congressman Martin Sabo,

chairman of the House Budget Committee. "I'm just indicat-ing we'll go further."

The White House is now worried if it will be able to preserve the increased spending on infrastructure, technol-

egy, the environment and edu-

cation that also forms part of

the Clinton economic plan.

Some conservative Democrats

are seeking, in particular, to

trim the \$16.3bn package to

provide a short-term stimulus to the economy.

ator Orrin Hatch, the ranking Republican, said they were sat-

isfied there were no skeletons

derailed two earlier candidates.

"hate-mongering campaign" to which, he said, she had been

subject; Sanator Alan Simpson.

Republican (Wyoming).

remarked over the weekend

that confirmation hearings had

too often been marked by

Senator Biden elicited from

Ms Reno a commitment to crack down on domestic vio-

lence, as she had in her 15

years as a Florida state prose-

cutor. "We need to send a clear

message," she said, "that that

will not be tolerated." Senator

Edward Kennedy (Massachu-

setts) urged her to work hard

for effective gun control; she said she would. Most of her

testimony was devoted to her

ing as the daughter of a Danish

own life, recalling her upbring

When Mr Clinton announced

batch of cuts.

outdone him.

Fiscal fever infects congressmen

At their first meeting yesterday, the two presidents also agreed on a cautious approach to the idea of committing more troops to Bosnia. Both said they were willing to increase their forces only after a peace agreement along the lines proposed by Mr Cyrus Vance and Mr David Owen had been

"We accept the Vance-Owen plan. We want it to be successful. We see its imperfections but know of no better instru-

Congress was "moving in the right direction" but warned

that deeper cuts might be

on the budget resolution,

which provides general out-

lines for spending and revenues. When detailed cuts are

taken line-by-line in later

appropriations bills, following

Clinton budget on April 5,

members of Congress are

sentation of the complete

The debate is concentrated

counter-productive.

Trade issues, which have set France and the US at logger-

President Mitterrand said

heads recently, were reserved for later discussion over hunch, but both presidents struck a conciliatory note, with President Clinton suggesting his recent aggressive comments about European subsidies to the Airbus consortium might have been misinterpreted.

agreement on the Uruguay round of talks on updating the General Agreement on Tariffs and Trade was important, but could not be achieved by piece-

new-found enthusiasm for fiscal discipline as they fight to preserve the programmes that benefit their own dis-

However, Democratic leaders have had to work towards sus on the budget resolution knowing they can count only on their own party. since the Republicans have made it clear they will not vote for the Clinton budget.

Clinton and Mitterrand stress Russia's need for aid | Ontario Hydro to cut **4,500 jobs**

ONTARIO HYDRO, one of North America's biggest utili-ties, is cutting staff by a further 4,500, bringing planned reductions since late last year to 6,000. This is part of the utility's restructuring to deal with a debt crisis and a 30 per cent increase in power rates over the past three years.

Total payroll will decline to 23,000 mainly through attrition and early retirement, said Mr Maurice Strong, the chairman Negotiations will begin soon with the unions.

A programme to re-tube the Bruce A nuclear reactors, at a cost of nearly C\$2bn (US\$1.6bn) is being deferred indefinitely. A Bruce heavy water plant will

Ontario Hydro expects sur-plus generating capacity of 3,500MW once its Darlington nuclear plant is on full stream this summer. Demand for electricity has declined over the past three years.

Mr Strong said about C\$10bn will be cut out of the utility's C\$30bn 10-year capital spend-

Argentine balance of payments worsens

By Stephen Fidler, Latin America Editor

ARGENTINE trade figures released this week showed the country's balance of payments position deteriorated more rapidly last year than the govern-ment has admitted.

The figures, which will be subject to one more revision before they are final, showed Argentine trade swung into a deficit of \$2.87bn (£2bn) last year after a 1991 surplus of

This sharp deterioration has raised questions about the sustainability of the government's economic policy, which is using the exchange rate fixed against the dollar since April 1991 and increasingly seen as overvalued - as a central plank of its strategy to fight inflation.

The deficit was caused by a 79 per cent rise in imports last year to \$14.84bn, while exports were little changed at \$11.98bn. More worrying to some economists was the pace of the deterioration from the first half when there was a \$1bn surplus to the second half when there was a \$3.9bn deficit. Mr Geoffrey Dennis at James

Capel in New York said he expected the deficit would **Argentina**

Trade balance (US\$ billion)

jump to \$8bn this year, with the rate of growth of imports slowing somewhat and that of exports rising. At just over 3 per cent of gross domestic product the deficit would not be large in absolute terms and hard currency reserves were substantial - sufficient to cover 10 months' imports. Nonetheless, he believed the trade position was eroding so quickly figures that a shift towards a crawling peg devaluation of the peso was required.
The figures also indicated trade with the US and Brazil

more than accounted for the

trade deficit the shortfall in

trade with the US was \$1.82bn

think it might take a little longer.

McCulloch: I understand one of

Toriumi: On the contrary, our

those joint ventures involves the

management of an industrial park

in China. This seems an unusual

involvement with this park in Dalian

is entirely consistent with our ac-

tivities as a major Sogo Shosha.

Through this industrial estate, we

encourage other Japanese manufac-

turing companies to establish facto-

ries there. This creates jobs, aids in

the transfer of technology and helps

to expand China's manufacturing

base. Some of the items produced

foreign currency. This is not only

also for the country as a whole.

Sogo Shosha playing in future?

we are already multifacetted.

Toriumi: The term 'Sogo

Over the past few decades the

Shosha' means diversified business

conglomerate, and so, in one sense,

major trading companies such as

Marubeni have been continually

expanding the menu of goods and

services they provide to include

commercial and industrial intel-

ligence, finance and investment,

consulting and syndicating skills,

risk management, and even engi-

terminals, supplied telecommuni-

cations systems, and even helped

finance the purchase of aircraft for

a new airline established in Taiwan.

In our case, in addition to

neering activities.

activity for a trading company.

and with Brazil \$1.75bn. They showed a relatively small proportion of imports were directly for consumption: capital goods and spare parts made up 38.2 per cent of imports, semi-finished goods 34.8 per cent and consumer goods. including cars, 27 per cent. The government has said the deficit will be constrained this

year because of imports levies imposed in November, Mr Juan Schiaretti, trade and industry ters saying latest figures from the customs service showed a substantial fall in imports dur-

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Meeting The Global Challenge

The Nineties are proving to be years of change. They have already seen the end of the 'Cold War' era, the birth of a unified Europe and a realignment of global power blocs. For Marubeni Corporation, one of Japan's leading diversified trading companies or 'Sogo Shosha', change offers a myriad of new opportunities. Company president Iwao Toriumi explains why.



McCulloch: You have urged which together produce 70 per cent your company's staff to "Create

longer be competitive.

European business executives have however, they have so far shown less about this region. And this cooperation can be reciprocated.

Mr. Iwao Torinmi. Possident. Marubeni

Bridging 'East' and 'West'

Recently, we were approached by European company seeking our knowledge about the Chinese market, and we were delighted to help. national company, so for us, the In this way, I believe Marubeni can perform the valuable function of providing a bridge between the 'East' and the 'West'.

> McCulloch: Marubeni is very strong in the Chinese market now, isn't it?

Toriumi: Though Marubeni is positively approaching many countries in Asia, I'm pleased to say that our particularly close relations with China are now reaping rewards. During last calendar year, Marubeni's turnover in China was close to \$2,000 million. We have several joint venture companies operating there and our chairman, Mr. work of over 200 offices including Kazuo Haruna, is encouraging me true market competition, despite those recently opened in Vladivostok to establish 100 joint ventures in their creators' intentions to the time for Japan to define its role China within the next five years! I contrary.

promoting export-oriented industries in areas such as energy, metals We need the 'software' that and agricultural commodities, Marubeni has also built container

McCulloch: But trading remains Marubeni's key business activity. Do you have any concerns in this area?

Toriumi: Of course, my most immediate wish is for an economic recovery. The recession both in Japan and abroad is making our business extremely difficult and 1'm hoping that we will see signs of a recovery within this year. If not, next year the conditions will be even more

However, another development which disturbs me has been the formation of powerful economic and political trading blocs such as the EC and NAFTA. There are even suggestions that the countries of Asia should form their own trading

Such groupings have the potential to become protectionist, to cut their members off from the forces of

'Free' Market Plea

As far as Marubeni and the other Sogo Shosha are concerned, the only way for us-and for Japan -to survive is through a free, fair and open global trading system, but the world seems to be moving in the other direction. If we look beyond Japan to the countries of Asia, especially those of ASEAN together with China, Korea and Taiwan, most of these countries are now enjoying good economic growth and stable political environments. But none of these successful countries can stand alone, independent of the gathering strength of economic trading blocs. If, through the creation of these will meet China's growing domestic market but some will also be exportregional trading blocs, the doors to ed to provide China with valuable the major US and European markets are closed, how can these countries good for the local community but survive? I am concerned about this trend and hope that the present Uruguay Round of trade negotiations is McCulloch: Is this the kind of brought to a speedy and equitable multifacetted role you see Japan's conclusion.

> McCulloch: I understand Marubeni has recently launched a new corporate action plan called "INNOVATION-93". What are the plan's objectives?

> Toriumi: This plan comes under our "New Five-Year Master Policy" launched in 1990 and it emphasises the optimum and preferential appropriation of our management resources. Worldwide, the Marubeni Group employs over 52,000 people, and it is vital that each member of our staff adjusts their thinking to overcome the "fast change" that is our most challenging and constant

McCulloch: You believe strongly that Japan has an important role to play in world affairs. What led you to this opinion?

Toriumi: It was probably the many years I've spent outside of Japan. I lived in Vietnam for three years in the early 1960's and then spent another seven in Indonesia. More recently I was president of Marubeni America Corporation for three years, from 1988.

Japan's International Role

All of this experience opened my eyes to observe "What is Japan?" and "How should Japanese people play a positive role internationally?" This is becoming more important because it is now time for us-both as a corporate entity and as Japanese people—to take innovative initiatives as we respond to the challenges of an increasingly interdependent world. That is, interdependent economically, environmentally, and in terms of national and global security. It is and present its case internationally.

Marubeni CORPORATION

Tokyo Head Office: 4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-88, Japan Osaka Head Office: 5-7, Hommachi 2-chome, Chuo-ku, Osaka 541-88, Japan

Crucial vote on cheque tax Stormy start for

Brazilian minister

By Christina Lamb in Brasilia

BRAZIL's new finance minister was yesterday set to unveil his strategy for dealing with 30 per cent monthly inflation and attempt to lift the crisis surrounding the government of President Itamar

Mr Eliseu Resende, in his first public pronouncement since taking office, was expected to announce his new team to the Senate and seek to win support for a new tax.

Mr Resende, who took over last week, has been greeted with an unusually negative

finance minister in just five months but his background is in past military regimes when he was behind some billion dollar development projects today considered white elephants such as the Transamazonica a highway through the world's

largest rain forest. Moreover the economic turmoil provoked by last week's dismissal of Mr Paulo Haddad, the previous finance minister. and the resignation of the entire central bank directorate and head of privatisation, heightened this week with the year's budget.

leaking of a radical economic plan which Mr Haddad was said to have been considering while if office.

According to Mr Haddad, the supposed plan, which included a price and assets freeze, privatisation of 90 per cent of state assets in 45 days and compulsory lengthening of terms on treasury notes, was a study he rejected last December. In a thinly veiled reference to Mr Franco's aides. Mr Haddad claims that it was leaked in an attempt to discredit him and justify his dismissal by "people who know nothing of econom-

The controversy, along with Not only is he the fourth remarks by Mr Franco that he wants some economic plan in place by the end of April, has increased speculation over a forthcoming price freeze or price controls as the only measure which will have an immediate - if shortlived - effect on inflation.

However, the political crisis surrounding Mr Haddad's demise may harm the government's chances of approval in today's final senate vote for a new tax on cheques. Expected to raise \$7bn, it is seen as the only hope for balancing this opportunities out of change". What do you mean by this? Toriumi: Change provides our greatest potential as well as our

strongest competitor. Marubeni is global economy. a trading company and in our 1991 fiscal year, overseas trading activities accounted for 57.7 per cent of any major world development has a direct impact on our business, and we cannot escape this reality. We must adjust to those developments accordingly and try to turn those events to our advantage.

This is why I emphasise to our staff that we must remain committed to the spirit of innovation and discipline that has carried us desperate for imported products through the present difficult business environment. Rather than lose our competitive edge, we have taken offer. advantage of this opportunity to reform our business structure extensively. We must be strong enough to build up our most promising businesses patiently and decisive enough to eliminate those which can no

McCulloch: What is the most important global change to have taken place in recent years?

Toriumi: Without doubt the most momentous change has been the end of the Cold War. The end of superpower rivalry between the tion between Marubeni and Euro-United States and the former Soviet Union has made the world more free dealing with the countries of the but, unfortunately, less stable. The post Cold-War world rests increas- Marubeni was actively involved in ingly on the existing triangle of three these countries but now that the economic superpowers—the United order has changed, our knowledge States, unified Europe and Japan is limited.

of the world's products. Politically leadership than might be expected as they have been coping with their own national problems and a weak

McCulloch: What are the real-and potential-opportunities all transactions. This means that for Marubeni in this new world Toriumi: Marubeni is a multi-

opportunities offered by an increasingly "borderless" world are immense. The establishment of newly independent countries keen to tap new markets for their commodities, eager to develop their industries and provide ample scope for the range of goods and services Marubeni can

New Offices Opened

and overseas subsidiaries and affili-

ates, Marubeni also operates a net-

and Nakhodka in the CIS, and in

One particular opportunity this

new world order presents us with

is the possibility of closer coopera-

pean companies, especially those

former eastern Europe. In the past,

Phnom Penh in Cambodia.

In addition to our 611 domestic

Poorest LDCs

face decline,

UK hits at Japan on liquor taxes

By Michiyo Nakamoto

THE UK has complained to Japan over the latter's failure to comply with a Gatt ruling made in 1987 on its liquor taxa-tion system which discriminates against imports. Mr Richard Needham, minister of state for trade, yesterday expressed his concern in a meeting with Mr Ichiro Aisawa, parliamentary vice-minister at the Ministry of International Trade and

Industry.

Mr Needham was adding the UK's voice to growing EC criticism of Japan over the discriminatory taxation system which still remains despite the Catt panel ruling. Criticism that it has failed to comply with Gatt recommendations comes at a sensitive time for Japan, which is moving towards a more Gatt-oriented trade policy.

The Japanese government, under growing pressure over trade from the US and EC, has said it was more likely to refer to Gatt in trying to resolve thorny issues, especially where US retaliation was likely.

In 1989 the Japanese government made some changes to its liquor taxation system by, for example, removing the difference in taxes between local and imported liquor. But the EC has become impatient after waiting five years for Japan to remove the last tax areas placing imports at a disadvantage. A substantial differential

still exists between Japanese shochu, a potato-based liquor. and whisky and brandy. The taxation differential between one class of whisky and a certain class of shocku, for example, is nine times. The EC is also concerned about a move in Japan to introduce another tax category for low strength whisky: micuwari, or whisky diluted with mineral water.

The EC formally requested Japan to comply fully with its obligations under Gatt at the last EC-Japan ministerial meeting in Brussels in January. Japan does not believe it has failed to implement the Gatt recommendation.

Last-minute decision by former US trade representative

Hills ordered dumping laws study

By Nancy Dunne in Washington

STRONG complaints by US exporters led Mrs Carla Hills, the former US trade representative, to order a controversial two-year study of the US dumping and subsidy laws just five days before leaving office, according to Mr Julius Katz, Mrs Hills' former deputy.

The trade representative's staff had for many months discussed having the bipartisan International Trade Commission take "a good, hard look" at the effects of the "unfair" trade regime in a balanced, non-partisan way, Mr Katz said. Because this would be unpopular in the Congress, it was felt that Mrs Hills could more easily make the request than her successor, Mr Mickey Kantor, just starting his term in office and anxious to maintain good relations with Capi-

OECD Export Credit Rates

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fficially-supported export

French franc

Guilder up

5-6.5 years

more than

8.5 years

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Swiss franc US dollar for credits

5-8.5 years for credits of

over 8.5 years

credits for Mar 15-Apr 14 (Feb 15-Mar 14 in brackets):

ed new num interest rates (%) for

8.55 (9.01)

8.99 (9.20)

7.55 (7.95)

12.22 (12.75)

4.70 (5.00)

12.76 (13.47)

7.70

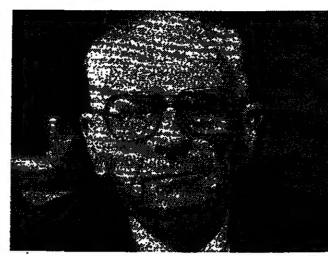
Mr Katz said, although pro-tection against dumping and subsidies was necessary, the rules adopted by both the US and the EC had become increasingly "arbitrary and restrictive". The number of countries adopting similar regimes had proliferated, so that American exporters now had to worry that they would be denied market share under similar rules. Controversy over the US anti-dumping and subsidies regime may stand in the way of a Uruguay Round deal. The

the final negotiating text which would make it easier for exporting countries to challenge the anti-dumping and subsidies findings.

"We had no political reason for calling for the study," Mr Katz said. The proposal – for an in-depth look at the effects of dumping and subsidies as

well as the impact of the subse-

US is insisting on amending



Julius Katz: 'We had no political reason for calling for the study'

my - came from the office's of the Democratic chairman of career staff

quent duties on the US econo- oned without the intervention the International Trade Com-Mrs Hills apparently reck- mission. Mr Don Newquist last study to Mr Kantor, giving him 90 days to shelve it if he wishes. He has yet to comment on the matter.

Newquist said the Trade Representative's Office had failed to perform the detailed consultations with the FTC usual when studies were requested. He suggested that the budget-cutting Clinton administration might have different priorities, and the agency was already loaded with a time-consuming study agenda.

Mr Katz said Mrs Hills had called the chairman about the study and had spoken with his counsel. Mr Fred Beavers. After the call it was decided to stretch the timing of the study from 1994 to 1995, to keep it separate from election year politics. Mr Beavers said Mrs Hills had simply informed him of the study without asking for Commission suggestions.

says Unctad By Frances Williams A spokesman for Mr

PER capita incomes in the very poorest developing countries have fallen for the past three years and fragile economic reform programmes are threatened by recession and inadequate international support. the United Nations Conference on Trade and Development said yesterday.

In its latest annual report* on the 47 least developed countries, as defined by the UN, Unctad projects a 1.4 per cent increase in total LDC output this year, after no growth in 1991 and a slight decline in 1990, but expects per capita incomes to show a new decline. The recent economic performance of LDCs, which have a total population of 500m, com-

> rose by over 3 per cent in 1991. The Unctad report highlights big divergences in performance between LDCs. In many coun-tries afflicted by civil war and natural disasters, such as Somalia, Afghanistan, Liberia, Mozambique and Ethiopia, "the development process has come to a virtual standstill". Elsewhere, some more politi-cally stable countries have

pares with growth averaging

2.5 per cent a year between 1985 and 1989. LDCs have also

lagged behind developing coun-

tries as a whole, whose output

rates and raised per capita incomes, including Botswana Lesotho, the Maldives, Nepal Bangladesh and Uganda.

But Unctad, main UN forum for debate of north-south issues, says external factors have also been responsible for the LDCs' problems. The recession has limited trade, falling commodity prices have cut revenues, and private remittances from abroad, a big source of foreign exchange for some LDCs, have declined due to foreign-labour cuts in industrialised and developing countries.

Rich countries, it adds, have failed to fulfil pledges made in the UN action programme for LDCs agreed in 1990, including increased aid flows, action to tackle LDC indebtedness (most of which is owed to governments) and measures to improve LDC access to industrial markets.

The report notes fears that eastern Europe's financing needs may further reduce the resource pool for LDC develop-ment. Failure by the west to support painful reforms in LDCs risks halting or reversing the process, with far-reaching consequences including "social and economic collapse, ecological damage, food insecurity, and huge population displace-

*The Least Developed Countries: 1992 report, UN Sales No. achieved respectable growth E.93.11.D.3 \$70

EC defends new trade group plan

EC officials yesterday launched an attack on environmental groups' claims that pro-posals for a Multilateral Trade Organisa-tion (MTO) would weaken countries' ability to protect the environment.

In a strongly-worded letter to the World Wide Fund for Nature (WWF), a prominent opponent of an MTO, Mr Tran van Thinh, EC ambassador to Gatt, said the MTO would be a democratic, rules-gov-erned body taking decisions by members'

consensus. It would not be, as WWF and others had implied, a supra-national body with powers to impose policies on weaker, developing countries, Mr Tran added.

"The Uruguay Round agreements will

neither prevent governments protecting the environment nor force on them policies hampering their development." Existing exceptions in Gatt to protect human, animal or plant health would be

strengthened. The MTO would offer "a continuous negotiating forum to develop further the trade and environment relationship". The MTO, first proposed by the EC and Canada in 1990, would subsume Gatt and envisaged sister-bodies on services and intellectual property, enforcing trade rules with tighter disputes proce-

Trade officials in Geneva said yesterday that several governments planned to follow the EC in rebutting what they see as a misleading campaign by the WWF and other groups against the MTO and related draft accords under discussion in the Uru-

Turkey and Azerbaijan sign oil pipeline accord

By John Murray Brown in Ankara

6.87 (7.26) TURKEY and Azerbaijan yesterday agreed to build a These rates are published monthly by the Financial Times, normally around the middle of each month. A premium of 0.2 per cent le to be added to the creat rates when fixing at bid interest rates may not be fixed for longer to 10 months. pipeline from the Baku oilfields to the Turkish Mediterranean. The deal, signed in Ankbid Interest rates may not be fixed for loage than 130 days.

SDR-based rates of interest are the semi-for all currencies but must be used only for the OECD-defined poor countries. For the period from Jan 15 through July 14, the SDR-based rate with be 7.55 per cent. If replaces the previous rate of 8.1 per cent. The SDR-based rate with again be subject to change on July 15.

ara by Mr Süleyman Demirel, Turkish prime minister, and Mr Sabit Bagirov, Azerbaijani oil minister, ends months of uncertainty about the route of the proposed \$1.4bn (£980m) pipeline to take Azerbaijani

crude to western markets. Yesterday's accord envisages a route via Iran and the small Azerbaijani enclave of Nachievan before ending at Ceyhan on the Turkish Mediterranean, using the existing twin Iraqi pipeline now closed because of UN sanctions against Baghdad.

Last month a consortium of Botas, Turkey's state-owned pipeline company, and Azerbaijan's state oil company, together with BP and the US oil and engineering groups



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B C SANITAN LIMITED

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NJ Vooght (office holder Nos 002104 and

006339). Address: Coopers & Lybrand, 9 Greyfriats Road, Reading, Berkshire RG! UG.

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CTE Hayward Joint Liquidate

The agreement leaves the door open for Kazakhstan, an important oil producer, and Turkmenistan, a large gas producer, to join. The 1,060km pipe will have 40m tonnes capacity, Azerbaijan accounting for 25m tonnes, with the balance used by Kazakhstan. Azerbaijan's output is esti-mated at 10m-12m tonnes, but s projected to increase to 40m tonnes by 1996-97.

Kazakhstan is planning to export its production via a

pipeline to Russia's Black Sea port of Novorossysk. Last month the Turkish Foreign Ministry signalled its disapproval of the Kazakh plan. Under the 1936 Montreux convention, ships have unhindered passage through the Bosporus. But Turkey has warned that the increased tanker traffic could impede shipping, already congested with the opening of the Danube-Rhine Canal and the growing demand from the

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ott, concluded a feasibility the Black Sea, or the Araz val-study of three possible routes, ley to the Mediterranean. LEGAL NOTICES is The High Court of Justice No. 00873 of 1997 in the matter of Eastern Capital Futures Limited

AND IN THE MATTER OF THE RISOLVENCY ACT 1966 NOTICE IS HERRENY GIVEN, pursuant to Raic 11.2(A) of the insolvency Roles 1986, that the Joint Liquidstons of the above company bound to make a distribution to the creditors. Conditions are required to submit hill details of their claims and other names and addresses to the fairs. AND IN THE MATTER OF the High Court of Justice Chancery Division deted Jrd day of March 1993 confirming the reduction of capital of the above-named Company from £40,000,000 to £2,750 and the Misste approved by the Court showing with respect to the capital of the said Company as altered the several particulars required by the above-mentioned Act were regutated by the Registers of Companies on the 4th day of March 1993. their names and addresses to the Jojist Liquidators, at KPMG Peat Marwick, PO Box 730, 20 Farringdon Street, Landon ECAA 4PP on or indicate 23 March 1993 which is the last day for proving claims. Notice is also given that the intended distribution is a final distribution and will be made without regard to any claims pot made by the dose mentioned.

Detect 4 March 1993

CTE Haward doint Limitator.

Desert the Bib day of March 1993 Slaughter and May (JHS/FWN/JMDE) 35 Besinghali Serces, London ECZV 5DB. Solicitors for the mid Company,

Notice of Appointment of John Administrative Receivers GEARD AND HARRISON JOINERY LIMITED

Registered number: 1739669. Nature of business: Joinery. Trade classification: 09.
Date of appointment of John Administrative
Receivers: 26 February 1993. Name of power
appointing the Administrative Receivers:
Lloyds Bank Plc. Joint Administrative Receivers: J M Indalo and NJ Vooght (office holder Nos 002104 and 006339). Address: Coopers & Lybrand, 9 Grayfrians Road, Reading, Bertothire ROI LIG.

Notice of Appointment of John Administrative Receivers JACKSON BRASSWARE LIMITED Registered number: 2336917. Trading name: On The Waterfront. Nature of business: On The Waterfront. Nature of bosiness: Supply of Bathroom Fittings. Trade classification: 15. Date of appointment of John Administrative Receivers: 26 February 1993. Name of person appointing the Administrative Receivers: Lloyd's Bank Pic. Joint Administrative Receivers: J M Iredale and NI Vooght (office holder Nos 002104 and 006339). Addraws: Company & Lybrand 9. 006339). Address: Coopers & Lybrand, 9 Greyfriass Road, Reading, Berkshise RG1 LIG.

Notice of Appointment of
Joine Administrative Receivers
ON THE WATERFRONT LIMITED
Registered number: 1796588. Nature of
besiness: Domass. Desc of appointment of Joint
Administrative Receivers: 25 February 1993.
Name of penson appointing the Administrative Reservicers: Livyds Bank Pt. John
Administrative Receivers: JM Brodale and N J
Vought (office holder Non 002104 and 005339).
Address: Coopers & Lybrand, 9 Greyfriard Address: Coopers & Lybrand, 9 Greyfrian Road, Reading, Berkshire RG1 1JG.

THE PROCESSORY ACT 1985
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A & S WALLCATE LIMITED
BALLWING PROSTRIMATED
DEADERS & ALLEY LIMITED

Notice of Appointment of
Joint Administrative Receivers
EXENNEALIM LIMITED
Registered member: 23 27475. Nature of
business: Holding Company. Date of
appointment of Joint Administrative Receivers:
26 February 1993. Nature of purson appointing
the Administrative Receivers: Lloyds Bank Pic.
Joint Administrative Receivers: Lloyds Ban Insurance Companies Act 1982
MUNICIPAL MUTUAL INSURANCE
LIMITED AND MUNICIPAL GENERAL
INSURANCE LIBERTED
TEANSTER OF GENERAL SUSINESS
I. NOTICE IS ISSUED GIVEN due Municipal
Methal Insurance Limited and Municipal General
Insurance Limited applied to the Secretary of
State for Trade and Industry on 24th February
1993 for his approval, pursuant to rection 51 of
the Insurance Companies Act 1982, to transfer to
Corthill Insurance Public Limited Company all
their respective rights and obligations under

the Interantic Companies Act 1982, to Immifer to Comball Humanusce Public Limined Company all their respective rights and obligations under motor policies written for them by Automobile Association Interances Services Limited in the United Kingdom Prior to the close of business on 30th September 1992.

2. Copies of the Statement of Particulars of the proposed artself extensive are validable for inspection at 25/27 old Queen Street, Westminster, 5W111 91th, Monday to Friday, from 510 and to 5.00pm when particulars may be inspected nettil 31st March 1993.

3. Written representations concerning the transfermay be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Department of Trade and Industry, Department of Trade and Industry, Landon, SW111 ONN before 30th April 1993. The Secretary of State will not determane the application until after considering any representations made to him before that date.

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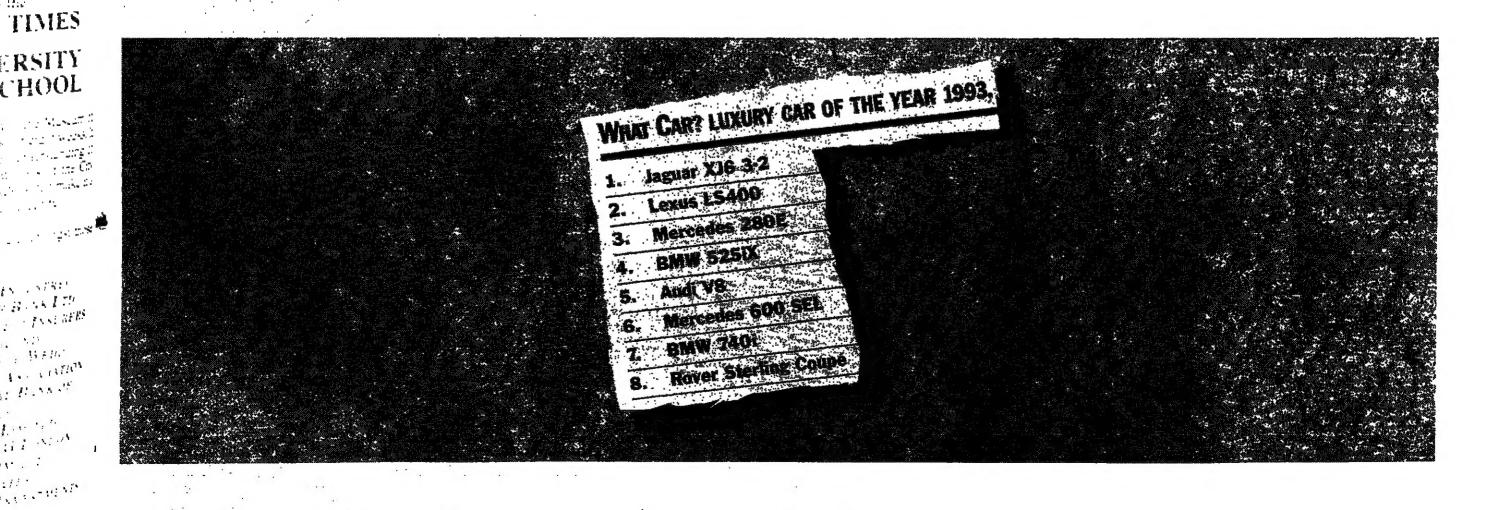
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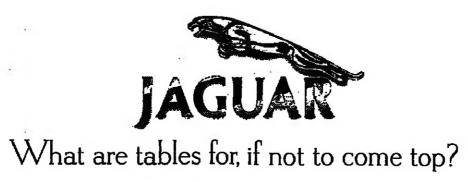
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FINANCIAL TIMES WEDNESDAY MARCH 10 1993

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By David Goodhart,

SOCIAL STABILITY in Britain could be threatened if pay increases take priority over jobs when recovery gets under way, according to Mr Howard Davies, director general of the Confederation of British Indus-

Addressing a private meeting of senior industrialists earlier this week, Mr Davies warned that an acceleration of wage increases, prompted by skill shortages, could produce high inflation alongside high unem-

"In those circumstances one has to have some concern about social stability," he said. He also stressed the responsibility of employers in achieving a better trade-off between pay and jobs.

Employers have a key role to play, by seeking growth opportunities, not just headcount reductions, and by investing in their workforces . . . Businesses can only afford to do that, and will only be able to expand their markets, if they pay realistic

Mr Davies also criticised executive pay in the UK. "The recent record on senior management pay is not easy to defend in all companies," he said. He pointed to the fact that pay awards for directors of between 4 per cent and 6 per cent in the last half of 1992, compared with 2.5 per cent to 4.5 per cent for employees over-

While welcoming the general trade unions.

fall in the size of pay increases, Mr Davies said UK labour costs were still not as competitive as they needed to be and that real

earnings for those in work had continued to rise throughout the recession.

Pointing to the continued prominence of the inflation rate in wage negotiations, he also said: "I am left with an uneasy feeling that we may have been here before, 10 years ago for example, and that

we've let things slip away

Although Mr Davies was critical of the uneven distribution of the "pain of the recession" and said a slower growth in living standards would have meant fewer people out of work, he only tentatively welcomed workers' recent agreement to trade off a pay cut against job security at Sheffield city council.

"In the long run I would prefer the council to the do the same work, with fewer people, at a lower cost," he said. • The Confederation of British Industry said yesterday that more companies should consider withdrawing from col-

lective bargaining. Mr Robbie Gilbert, CBI director of employment affairs, recommends in a paper on pay setting that companies consider increasing the proportion of employees on short-term and fixed contracts and locking labour costs into pay deals of more than one year.

He also said more British companies should consider withdrawing recognition from

Consumer group urges EC postal regulation

By Michael Cassell,

A TOUGH regulatory regime will be essential to ensure a universal European postal service is not exploited by monopoly operators, according to the Consumers' Association.

An EC consultation document on developing a single market for postal services has suggested the gradual liberalisation of cross-border and direct mail services in Europe.

Although many services would be open to competition, some areas of activity could be The association says the proposals will require a regulatory

framework to ensure that market power handed to particular operators "is not exploited in terms of price, quality, avail-ability and redress provided". An EC suggestion that persistent failure to meet service targets might result in sanc-

gets - is also welcomed by the association. A survey of UK postal users conducted by the association as a preliminary to formulating its response to the consultation document, shows that present balance of quality of

tions against operators

including the linking of permit-

ted price rises to quality tar-

MANUFACTURERS may be increasing prices in reaction to higher costs sparked by ster-ling's devaluation, according to government figures released

yesterday.

A big jump last month in the prices of materials and food purchased by manufacturers has raised fears of inflationary pressures. It was also accompanied by indications that companies are passing on more costs to their UK customers, possibly to rebuild profit margins. Last month prices at the fac-

tory gate of manufactured goods excluding food, drink and tobacco - items whose prices fluctuate with tax changes - rose by 2.7 per cent compared with February last

That is the same year-onyear rate as in January, and above the comparable figures of 2.4 per cent recorded in

Prices including food, drink and tobacco increased by 3.7 per cent in February compared with 12 months previously. That is up from a year-on-year 3.6 per cent in January and is the highest yearly rise since last April.

Materials and fuel purchased by manufacturers rose 0.5 per cent in February compared with the previous month, the same as between December rises have been blamed partly on higher import prices follow-ing the 15 per cent fall in sterling since last September when Britain left the European

exchange rate mechanism. The year-on-year increase in input prices last month was 6.9 per cent, unadjusted for seasonal variations. That is up from a revised increase of 6.3 per cent in the year to January, and is the highest year-onThe figures, released by the Central Statistical Office. underline suggestions that inflation as measured by wholesale prices of factory goods may climb later this year in response to higher

import costs. Labour costs, meanwhile, are rising only slowly. Many workers have agreed low wage settlements, partly due to continuing recessionary conditions and fears about

February, prices paid by manufacturers for materials and fuel have increased by 9.2 per cent The increases have particularly affected companies in the metals, food and chemicals businesses which import large amounts of raw materials.

Allowing for seasonal variations, prices of materials and fuel rose 1.4 per cent in Febru-ary compared with January after 0.7 per cent the previous

Protestors blockade imports of French fish

By Jimmy Burns in London

BRITISH fishermen yesterday prevented French fish from being unloaded for the second day running in the latest stage of a growing EC dispute over cheap imports.

The blockade at Grimbsy,

the east of England port, followed a separate protest on Monday at Peterhead, Aberdeenshire, where Scottish trawlermen poured diesel oil into the hold of a Russian factory ship.

The incidents coincided with further protests by French fishermen against cut-price imports, prompting a violent clash between fishermen and riot police outside the fish market in Nantes.

According to the National Federation of Fishermen's Organisations, representing most fishermen in England and Wales, UK fishermen are frustrated by government fishing restrictions, cheap imports from Russia and Norway and an increase in fish landed by EC boats in the midst of a

Mr Barry Deas, federation secretary, said: "We are operating against weak demand. What we really need are tight quantative controls on the amount of fish coming in." Mr David Curry, minister for

fisheries, accused trawlermen of simplifying the problems of the industry. He warned that protest action would undermine the government's attempts to argue its case



Fishermen in Grimbsy, eastern England, prevent a truck unloading French fish yesterday following complaints at cut price imports

within the EC. "It may be that imports are playing some role in the prob-lems of the market place at the moment. But that is not the only factor. British fishermen are landing too much fish simultaneously. They are over-The minister described the

supplying the market," he said. protest actions in Grimsby and Peterhead as "totally silly" at a time when British ministers

were urging their French counterparts to take measures to protect British lorries.

This protest action is symptomatic of an industry that, whatever the problem, thinks that somebody else is to blame. There is no justification for it all," he added.

The complex issues facing the fishing industry were highlighted last night by Mr Philip Abacus Frozen Foods, the importer of the Russian fish destroyed by Monday night's action in Peterhead. Mr Greig said Russian cod

was being imported in exchange for locally fished haddock and whiting and warned that further protest action would force the closure of his factory with a damaging effect on local fishermen.

tive of the Scottish North East fish producers organisation said he could not rule out the possibility of protest action spreading to other British

"I can't say this won't happen again," he warned. "There is a very strong anti-government feeling. Fishermen see themselves more and more regulated, and see no light at the

Rolls-Royce

set to cut

aerospace

pensioners Payments from the govern-

ment's £2.5m emergency fund to help the pensioners whose fund was raided by Robert Maxwell, the late media magnate, will be taken over by the charitable trust chaired by Sir John Cuckney, in order to pre-vent hardship once the "drip

step in because trustees for the Mirror Group Pension scheme are blocking a proposal that would allow Maxwell company pensioners to start drawing monthly payments on the £188m Common Investment Fund which holds the assets of all four schemes.

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Service Contraction

Selera :

Contracts call for officials

Britain's most senior govern-Mr Graham Mather, president

the free market think-tank.
In a submission to the Treasury and Civil Service Select Committee, Mr Mather said Sterling's departure from the Exchange Rate Mechanism and the collapse of BCCI had raised issues about the con-

and Wales after Easter has grown after members of the 190,000 strong National Association of Schoolmasters Union of Women Teachers voted overwhelmingly to boycott the assessment and testing associated with the government's national curriculum.

Lifeline for threatened pit

immediately in Wearmouth colliery, one of the 31 pits whose closure was announced last October. The investment at the pit, one of four ear-marked in the original clo-sures announcement for mothballing, increases hopes among its 800 miners that their pit will be saved.

for the Blind and The Guardian has launched the first electronic newspaper of its kind in Europe for the blind and visually impaired. The entire text of each copy of the Guardian newspaper will be broadcast by teletext and stored in a personal computer. With the help of a voice synthesiser a blind person can browse through

Privatisation hint eclipses Scottish reform

and David Owen

PRIME minister John Major overshadowed Mr Ian Lang, Scottish secretary, in the Commons yesterday when he appeared to indicate the government had decided to press ahead with privatisation of the

asserted he had "no reason to doubt that water privatisation in Scotland will be effective and efficient, as elsewhere."

"Privatisation means a bet-ter, more efficient service for the consumer and no more subsidy from the taxpayer," he said. His comments came just minutes before the Scottish secretary's much-liagged sta Questioned by a Scottish ment on the government's 'tak-National party MP, Mr Major ing stock' exercise.

greeted dismissively by opposition MPs.

Mr Tom Clarke, Labour's Scottish spokesman, described it as "sheer tokenism, talking shops and timid and tired policies." Mr Alex Salmond, the Scottish National Party leader who was jeered heartily by Labour for striking a deal with night's Maastricht vote, said it change.

Mr Lang's statement was amounted to "a constitutional charade."

The package of measures unveiled by Mr Lang aims to improve parliament's handling of Scottish affairs partly by transferring more powers to the Scottish Office. It is intended both to enhance Scotland's status in the United the government on Monday demands for constitutional

workforce By Paul Betts, Aerospace Correspondent

ROLLS-ROYCE, the aeroengine and industrial power group, is likely to cut between 3,000 and 5,000 jobs this year because of the continuing deep recession in the aerospace industry.

The company is expected to announce its latest restructuring plans tomorrow when it

cuts follows sweeping restructoring during the last two years in which 12,000 jobs were lost throughout the group. Rolls-Royce, which employed 64,200 at the end of 1990 -36,500 in aerospace ~ employed around 52,000 at the end of last year, with aerospace accounting for just

under 30,000.

Most of the latest job cuts are likely to be concentrated in aerospace, which accounts for about 60 per cent of the group's £3.5bn (\$5bn) annual turnover.

The company, like its two principal US competitors, General Electric and Pratt & Whitney, has suffered from the combined effects of the decline in defence spending and the sharp recession in the civil aviation industry which has led to airline customers cancelling or deferring engine orders. Rolls-Royce has had to main-

tain heavy research and development spending to produce the Trent, the new big civil engine which will power the new generation of large wide-bodied jet aircraft.

Analysts expect Rolls-Royce to report 1992 pre-tax profits of £50m-£90m tomorrow and cut

Middle East export guidelines face scrutiny amid claims that convicted businessman had links with MI5

Judge to examine government papers on arms sales

Law Courts Correspondent

ONE OF Britain's most senior judges is set to examine confi-dential government papers about defence exports to the Middle East after hearing that a businessman convicted of conspiring to ship artillery fuses illegally to Iraq had also worked for Britain's security and intelligence services.

The Lord Chief Justice, Lord Taylor, will look at the case of Mr John Grecian, former managing director of Ordinance

pleaded guilty in February last year to conspiring to breach controls on the exporting of military equipment to Iraq. He was given a one year suspended sentence.

Yesterday, his counsel, Mr Peter Clarke, told Lord Taylor and two other appeal court judges that Mr Grecian had supplied information to both MI5 and MI6 in the late 1980s. The information was passed to the Foreign Office and discussed with King Hussein of

Mr Grecian, whose engineer-ing company was based at pleaded guilty along with three other men to conspiracy to evade export controls after the trial judge accepted the gov-ernment's arguments that sensitive information about trad-

ing with Iraq should not be put before a jury. They are now seeking leave to appeal against their convictions in the wake of last year's Matrix Churchill trial when ministers' use of public inter-est immunity certificates to

were successfully challenged by defence lawyers. The three other men are Mr Brian Mason, Ordtech's former engineering director, Mr Wil-liam Blackledge of Preston, Lancs, and Mr Colin Phillips of

Poole, Dorset. At their trial at Reading Crown Court, Customs and Excise prosecutors had alleged the four men were part of a conspiracy to use bogus enduser certificates to evade the ban on arms exports to Iraq and supply fuses for 155m heavy artillery shells. The fuses were never exported, but the end user certificates, signed by a Jordanian general, stated they were des-

tined for Jordan, the trial judge was told. The four men had maintained that the British authorities had been aware of their

Yesterday's preliminary hearing - to decide whether the four men should be allowed leave to appeal - was adjourned to allow Customs prosecutors time to decide

which documents can be handed over directly to defence lawyers and which should be left to the Lord Chief Justice to decide on their disclosure.

The Ordtech case is also

believed to be being considered by the official inquiry headed by Lord Justice Scott into Britain's defence trade with

Iraq. The inquiry was prompted by last autumn's collapse of the Matrix Churchill trial when three businessmen were acquitted of evading export

Britain in brief

admits credit

card errors National Westminster Bank admitted that thousands of payments on its Visa credit cards had been switched among accounts. It said it was unsure if it would be able to identify the errors unless each

customer complained. The bank said it believed "human error" was to blame for the application of payments to the wrong accounts which had taken place in Janpary. It was correcting errors as customers complained about over- or under-payment

The mix-up follows mistakes over payments on credit cards from NatWest and other banks last August. These occurred when First Data Resources, which processes transactions on several banks' behalf. changed computer software.

Trust to pay

feed" fund runs out. The Cuckney fund had to.

ment officials should be put on five-year contracts and held to account for their performance in policy-making, according to of the European Policy Forum,

The prospect of industrial action in schools in England

British Coal is to invest £7m

Newspaper for the blind

Exporters seek budget boost for UK companies

By David Dodwell,

CAPITAL investment write-downs, cuts in corporation tax and a loan guarantee scheme for exporters should be included in next weeks's Spring budget, a leading spokesman for British exporters said yesterday.
According to Mr Ian Camp-

bell, head of the Institute for Export, the government should also extend beyond 1994 its transitional arrangements to provide NCM, the UK's leading export credit insurer, with political risk "The UK will be the only EC

country without a permanent facility to reinsure political risks," Mr Campbell said. Speaking at the UPS/Export Times Exporter of the Year ceremony, he added: "There is not sufficient private sector will make British exporters

less able to compete." In the wake of strong support given last week by Mr John Major for exporters and the manufacturing sector, Mr Campbell called for the govship with industry" to improve export performance, which has remained stagnant over the

first year writing down allow-ance on capital investment in manufacturing industry, and a reduction in corporation tax to

10 per cent. These moves would boost investment in manufacturing capacity, which has grown by just 19 per cent between 1970 and 1990 – compared with 43 per cent growth in Germany, France and Italy, 86 per cent in the US, and 129 per cent in Japan, according to data from the Centre for Economics and

Generators advised to sell | Vauxhall defends off surplus power stations UK car pricing

service and price.

THE UK electricity regulator yesterday suggested to National Power and PowerGen, the main generators in England and Wales, that they offer for sale 11 power stations they plan to close either fully or partially later this month. Professor Stephen Littlechild, the regulator, said putting them on the market would provide protection against a big generator closing economic plants so as to drive up the price of electricity and, thus, the profitability of other

National Power, the larger of the two companies, strongly rejected Prof Littlechild's suggestion. It said overcapacity in generation was increasing and retaining redundant plant would lead to closure of other, more modern and efficient plant. Electricity production

costs would rise and the envi-ronment would suffer. PowerGen said it did not rule

out selling one of its four plants. City analysts, however, said it was unlikely that either company wanted to sell its

past three years at about 8 per cent of world trade." He called for a 100 per cent



Prof Littlechild says power stations should be sold off

National Power's robust defence of its actions risks antagonising the regulator, who has already said he is considering referring the genera-tors to the Monopolies and

Mergers Commission and will decide by 1995. Analysts believe it unlikely he will make a reference. They think he will seek a change in the generators' licence, which

would give him powers to

National Power's stance is a

order them to sell plants.

ably to the coal industry. Mr Chris Rowland, a director of Cabah Energy, said his com-pany was interested in buying plants at five National Powerowned coal-fired stations with two of the 31 threatened pits. as independent assessor on the ing that while both companies decisions to close plants were

ual bids for plant not scheduled for closure. The 11 stations due to closure have a total 2,263MW capacity - of which 1,737MW is coal-fired.

reasonable, several "credible organisations" were interested in purchasing stations. Prof Littlechild also said the generators should consider selling viable plants. National Power said it would consider on their merit individ-

blow to such companies as Cabah Energy, which wants to buy surplus plants, and argu-By Kevin Done, Motor Industry Correspondent NEW CAR prices in the UK are now lower than in several other European countries according to a report published yesterday by Vauxhall, the UK

a 1,200MW generating capacity.
"If we acquired all five we would be using 2.5m tonnes of coal a year," he said. That constitutes the production of up to Prof Littlechild's recommendation followed publication of a report by Touche Ross, an accountant he had appointed closures. He endorsed its find-

making UK car prices higher

of the controversial terms of their franchise agreements with dealers. The motor industry's selective distribution system, which allows carmakers to sell vehicles through exclusive networks, has been blamed by for

subsidiary of General Motors of

Vauxhall published the

study, prepared by manage-

ment consultants A.T.Kearney,

in an effort to avoid action by

the government to force car

manufacturers to change some

than in many parts of Europe. The investigation of car makers' pricing policies across Europe is set to intensify over the next two years, as the pres-ent 10-year "block exemption", which allows car makers to use a selective dealer distribution system in contravention of European Community competi-

It is understood that car-

makers in the UK have rebuffed a request made last year by the Office of Fair Trading to change some of the more restrictive terms of their dealer franchise agreements. The changes had been recommended in a report pub-

lished last year by the Monopo-

lies and Mergers Commission.

It is understood that the OFT

has recommended that the DTI will have to take action to force implementation of the MMC report's findings. The MMC report recommended the removal of any restrictions on franchised dealers which limit the dealers' freedom to advertise outside their territory, or limit dealers'

freedom to hold or acquire dealerships from other car makers outside their territory. Vauxhall, which ranks second in the UK new car market, yesterday urged other carmakers to prepare a new action plan to establish "com-mon ground" with the OFT, which could allow changes in franchise agreements that would be "compatible" with present EC regulations. reports its financial results. The new wave of heavy job

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Schools face test boycott

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oday's annual results from the UK engineering group Vickers will once again bear the scar of big losses from its luxury car subsidiary Rolls-Royce. But according to a confident Peter Ward, Rolls' chairman and chief executive, "there'll be black ink" at the operating level next time.

Ward can make this claim because of the way the company has quietly been undergoing a revo-lution along Japanese "lean manu-facturing" lines. Traditional working practices have been overturned, employee numbers have been cut from 5,200 to 2,490 and the break-even level of production has been reduced to less than 1,400 cars a year from 2,800 in October 1991.

By any standards that is a considerable achievement, though, as Ward admits, urgent action was required. Rolls was certainly forced to slim down in response to the previous car market collapse in the early 1980s - but inevitably costs got out of control again during the unprecedented eight-year bull mar-ket which reached its apogee for Rolls in 1990 with record sales of

Even at the slashed breakeven level, Rolls-Royce would have made further losses last year with sales of

But Ward points out the changes in company organisation first put in train at the end of 1990 mean Rolls needs only a slight sales lift this year for operating profitability to be restored. It will take much more time to reduce the company's daunting debt burden: Rolls will have been largely responsible for an expected rise in Vickers' total indebtedness to around £110m by the end of last year.

The enormous changes in production process and labour organisation are evident all over the sprawling facilities at Crewe, Cheshire.

"It is simply a different business. We've turned it round," says Ward. The spur for change came from a growing fear that due to the Gulf war, the imposition of a luxury goods tax and doubled "gas guzzler taxes in its prized US market, and gathering recession elsewhere, the company's very survival could be in

"So we asked ourselves, if we had a greenfield site how would we run it? We went away and created a plan of a greenfield site, and decided to make it happen on the

old one," Ward said. Out of the exercise emerged a "green book" forming the basis of new working practices and factory organisation which would sweep away old demarcation lines, create Japanese-style working teams and the concept that any individual unit within the plant was the customer



Driven towards leanness

Rolls-Royce Motors has radically transformed its working practices, writes John Griffiths

The plant was divided into 16 zones, each encouraged under a manager to act as a business within a business and assuming full responsibility for cost, quality, delivery and even materials purchased. Within the zones work 160 teams, typically six to 10 strong.

Out went charge hands and foremen, leaving a flatter management structure of just four levels. Within the teams there is total flexibility regardless of individuals' craft back-

The 120 union representatives reflecting Rolls' broad craft traditions - were reduced to 47 and just seven elected to the joint worksstaff negotiating committee. Such dissent as there was came from local convenor level, not from national union leaders.

It was a radical approach, inevitably provoking great scepticism. But negotiations on its introduction were finished by March 1991.

"The biggest problem was middle management trying to protect sta-tus quo," recalls Bernard Preston, director of quality.

Preston recalls recently having a senior Mazda manager visit the plant. "He said we've gone further than a Japanese plant could go. Here we've got people on £40,000 working together on the same team

with someone on £280 a week. They couldn't do that in Japan."

Rolls' teams are becoming acclimatised to their new-found freedom

and responsibilities. The sense of
commitment and "proprietorship"
has been heightened, says Preston, by changes such as a member of one of the four-engine assembly teams spending three hours assembling one engine, not the previous 34 minutes doing specific taskes. It has become "his" engine. Butch Wilson, a former fitter,

makes clear he has no resentments about income disparities with the engineers on the engine teams: "We help them; they help us and within a couple of hours we get almost any problems solved."

The results, says zone manager Chris Johnson, are already apparent. One measure - the number of rectifications per car - has gone from 150 to 47, "and the faults themselves are getting smaller". The team approach means that even in the tradition-steeped interior trim area, the upholstering of the complex rear seat squab now requires nine hours, not 27.

The changes are not confined to labour organisation. The almost total closure of Rolls'

London coachbuilding facility, Mul-

ago and the transfer of most of its operation to Crewe means the plant has gone from making one model range to four.

With the introduction of more computer numerically controlled machining equipment Rolls is making many more of its complex components in-house and in greater variety. It is out-sourcing simple items such as fasteners which it traditionally has made itself.
With Rolls' inventories slashed,

senior managers say they are becoming able to differentiate between suppliers who already work with Japanese car makers in the UK and those who do not, "and have the old adversarial attitudes". With more disciplined production

planning, Rolls is now talking to suppliers about delivering straight to its assembly line. For the first time in the compa-

ny's history, shop floor employees are attending product events so that they can appreciate customer reaction at first hand. Managers say the working system has reached the stage where it is

gaining its own momentum, with managers no longer having to push. But no one is under any illusions about the formidable task still ahead in terms of financial recov-

Wasting time in the board room

Meetings stifle ideas, delay decision-making and diffuse responsibility, argues Adrian Furnham

age middle to senior manager may spend as much as 40 per cent of his or her day in meetings.

According to a survey of the working habits of 135 managers published by the Industrial Society and BBC Education last week, respondents spent the equivalent of almost a day a week in internal

meetings. The number of committee, subcommittee, task-force, board meetings that business people are required to sit on grows exponen-tially with rank. Meetings are known to be inefficient. They stifle ideas, postpone and prevari-cate. A committee meeting has been described as a group of the unwilling, picked from the unfit, to do the unnecessary.

Given such criticisms why are

meetings so popular? Meetings may be seen as a good way to pool resources. Similarly, it has been argued that members may stimu-late each other through discussion - what is known as the synergy effect. Others describe them as an efficient and democratic way to communicate with people. Still others believe committees make better decisions.

These reasons are not convincing. First, most meetings are held not to make decisions but to avoid them. Further they are mainly about diffusion of responsibility so that if a wrong, poor or costly decision is made, fault is spread over all committee members.

There are three significant problems with meetings that render them inefficient.

The first is sometimes called social loafing. More than 50 years ago a German scientist named Ringelmann asked workers to pull as hard as they could on a rope attached to a meter that measured the strength of their efforts. Subjects worked alone and in groups of two, three and eight.

While the total amount of force on the rope increased as group size rose, the amount of effort by each person seemed to drop. While one person pulling alone exerted

meeting is a group of people who keep minutes and waste hours. Yet of three and was reduced to about 53kg in groups of three and was reduced to about Understanding this phenomenant. The control of three and was reduced to about Understanding this phenomenant. The control of three and was reduced to about Understanding this phenomenant. greater the number of people per-forming the task, the less effort each one expended.

The impact or effect of any group from an outside source (eg a manager) is divided among its members. Thus, the more persons in the group, the less the impact such force will have upon each. Because they are working with others, each group member feels they will take up any slack resulting from reduced effort on their part. And since all members tend

THE COMMITTEE WOULD VALUE YOUR OPINION, HAWLEY, SINCE YOU'RE THE ONLY PERSON IN THE COMPANY WHO ISN'T ON THE COMMITTEE



to respond in this fashion, average output per person drops sharply. The second problem is called by psychologists evaluation apprehension. It suggests that when try-ing to make decisions in groups, the presence of some group members may intimidate others. The

voicing of unpopular, if correct,

ideas may breed conflict and may be a "career-limiting" move. It should come as no surprise that high-status persons in organisations, such as presidents and chief executives, are carefully listened to and their words given high credence. As a result they tend to dominate group situations and their ideas (right and wrong)

Alfred P Sloan did not attend the early phase of his groups' meeting, fearing his presence would discourage honest discussions of critical problems among executives, who would insist on pleasing him. There is reason to believe Sloan's status would have had an undue impact on the group by inadvertently encouraging unifor-

The third problem is that in creativity-type tasks, groups rather than individuals working alone produce poorer decisions. In contrast to well-structured tasks that can be divided into several discrete parts and have a definite solution, many everyday management decisions are more poorly structured.

If an organisation is faced with a decision over the prospect of a declining market for its products it would be expected that a group meeting would do a better job of handling such a problem than an

But this is generally not the case. Most research has shown that in poorly-structured, problem-solving, creative tasks, individuals show superior performance to groups. This generalisation has important and potentially devastating -implications for organisations since some administrators spend up to 80 per cent of their time in committee meetings.

As for business meetings - the fewer the better. It is best to follow some simple rules: Start promptly, no matter who

is missing. · Why not have meetings standing up; the Queen does so in Privy

 Go around the room to ensure full participation. Have occasional secret ballots on whether regular meetings are necessary. Pool ideas and evaluate

them but do not have a meeting to

The author is professor of psychoare frequently accepted without question. The result can easily be logy at University College London.

PEOPLE

Sommer moves from Bruce Vaughan has succeeded Milton Bridgiand **US to Sony Europe**

Sony is strengthening its ematician born in Israel and educated at Vienna University, with the appointment of Ron Sommer to the post of president and chief operating officer. He will take up his

appointment in April. He joins Jack Schmuckli, chairman and chief executive of Sony's European operations, in establishing a US-style top management team to oversee the company's sales, marketing and manufacturing operations. The heads of the sales and marketing companies will

report directly to Sommer. Now 43, Sommer has been president and chief operating officer of Sony Corporation of America since 1990. A math-

Philosopher

years later was appointed president of Sony Germany.

His early experience was in the computer industry with the former high-flying Nixdorf Computer, now merged into Siemens Nixdorf Information Systems. At one stage he was head of the company's largest subsidiary, Nixdorf France. Colleagues describe him as

analytical and energetic with the ability to motivate his He will need all those talents

to sustain Sony's impetus through Europe's long-lasting s chairman of ICI Australia.

Warren Haynes took over as managing director following the retirement of Michael Deeley on September 1 1992. RJ (Bob) Hunt, managing director, ICI Chlor-Chemicals, ICI Chemicals & Polymers, has been appointed executive director of ICI Australia with effect from April 1. He succeeds David Gaffney. Bob Hodges, md of beverages (Europe and international), Hank McInerney, md of beverages (Americas), Jan Timmer, md continental bakeries, and Richard Turner, md of Lyons Bakeries (UK), have been appointed to the board of Lyons, part of ALLIED-LYONS. ■ Graham Footitt, formerly

finance director of SHRLL UK on the retirement of Malcolm

■ Ann Burfutt (below left). formerly director of personnel at the London Borough of Islington, has been appointed human resources director for LONDON UNDERGROUND. ■ John Smith (below right), chief operating officer of ASH UK, has been appointed to the board of AUTOMATED SECURITY (HOLDINGS), Lord Lane of Horsall, already a non-executive director, has been appointed deputy





Pointon York picks non-executives

Brasil, has been appointed

vice-president finance for Shell

Scholar for the Welsh Office -The new permanent secretary at the Welsh Office is to be a

Treasury philosopher. Michael Scholar, who will take over when Sir Richard Lloyd Jones retires at the end of July, is currently deputy secretary at the Treasury in charge of civil service management and pay. But he started his working life as a philosophy teacher at Leicester University – his spe-cial interests were Wittgenstein and Aristotle. Since joining the civil ser-

vice in 1969, Scholar, 51, has taken several front-line posi-tions. He was private secretary to Joel (now Lord) Barnett when he was chief secretary to the Treasury in the run-up to the arrival of the IMF in 1976. He was also private secretary to Margaret Thatcher from 1981-83, through the depths of | at MANSFIELD BREWERY, the economic recession and the in succession to the late Falklands war. Between 1979 Geoffrey Kent. and 1981, he was seconded to Barclays Bank International. Unusually for a Treasury

man, Scholar is noted for his sense of humour and his lateral thinking. He is also an accomplished musician, Manchester. playing the plano and organ; an Associate of the Royal College of Organists, he is a noted accompanist. Promotion to the Welsh Office takes him home - although brought up in officer. London, Scholar was born in Paul Lester, group chief Merthyr Tydfil.

Geoffrey Pointon, chairman of Now two longstanding uses, the Small Business Capi-financial services group Poin- acquaintances have agreed to tal Fund which, as Developton York and an enthusiastic proponent of investor protection, has overcome his distaste

for non-executive directors and appointed two to his board.
"I don't fancy non-executive directors that arrive once a month for a big lunch and don't understand what is going on," says Pointon, who adds that with a banking subsidiary as part of the group, he has to find people acceptable to the Bank of England, something he says has got increasingly difficult recently. "What with their views and my views, it hasn't been easy."

Other nonexecutives

■ Sir David White, former deputy chairman of National Freight Corporation and chairman of Nottingham Health Authority, as chairman Ray MacSharry has been

appointed to the court of directors of Bank of Ireland. Eric Kinder, chairman of Smith & Nephew, at CHRISTIE HOSPITAL NHS TRUST,

Mark Radcliffe, former deputy director general of the CBI, as chairman of METSEC; Keith Hirst, formerly chairman and md is now chief executive

executive of Graseby, as

the board.

Alec Daley, an md at GKN and deputy chairman of Westland, at BRENT CHEMICALS INTERNATIONAL Ann Burdus, former chairman of McCann and of the Advertising Association and a member of the Top

> GROUP. James Cochrane, European operations director of Wellcome, at SPIRAX-SARCO ENGINEERING. ■ Peter Ryan, chairman of Protean and Torday & Carlisle, as chairman at ARTHUR SHAW.

Robin Baillie, recently

retired chairman of

Burson-Marsteller, at

Salaries Review Board, as

chairman at The TRIANGLE

come aboard; Ian Martin ment Capital, was eventually (below left), 40, group director sold to form Lazard Ventures. Martin also goes on the board of the bank. "It reflects the of Barings in charge of worldwide finance operations and administration and a director progress the group has been making. Ten years ago we of the Securities and Futures Authority; and Hugh Armwere a very small outfit indeed," says Pointon.
PYV, the Lloyd's broking strong (below right), 58, a ven-ture capital specialist who was a founder-director of one of the subsidiary of the group which first venture capital compa-

chairman at A&P APPLEDORE

HOLDINGS in succession to

Philip Ling who remains on

specialises in professional indemnity cover, is suing Fimbra after the self-regulatory body dropped at the 11th hour compulsory indemnity scheme for its members to which PYV was to have been the exclusive broker.

CONTROL RISKS GROUP. ■ Quintin Barry, chairman of Donne Mileham & Haddock, as deputy chairman of SOUTHERN RADIO; he replaces Robert Stilby. ■ John Morton, a director of Abtrust Fund Managers, at AVESCO. ■ Margaret Childs, a solicitor with McKenna, at FROST

GROUP.

■ Sydney O'Hara, a former director of BT, and David Tebbs, a former director of BIS Nynex, at LBMS. ■ Julian Bell, former executive chairman of Rayner Coffee International and a former director of BET, and Alan Hornsby, retired finance director of Smiths Industries, at IPECO HOLDINGS. ■ Alan Fosler, formerly chief executive of Swire Properties in Hong Kong, at OSSORY

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Demands | from the suppliers

A UK catering company received more than 40 different questionnaires on its environmental credentials from prospective clients. Other compa-nies have had similar experiences as businesses begin to apply a green filter to their buying.

Some of the questions were dubious in terms of their value to environment issues, such as queries about our turnover," says Roger Brown of Sutcliffe Catering, a subsidiary of P&O. "I think it is essential to have a code of practice governing the sorts of questions that need to be asked."

Business in the Environment, the charity backed by industry and Prince Charles, is working with consultants KPMG to develop such a code. It will be backed by the Chartered Institute of Purchasing and Supply. "The idea is to produce voluntary guidelines which will help both customers and suppliers by introducing consistency into the way in which environmental per-formance is assessed," says Martin

Houldin of KPMG. B&Q, the UK do-it-yourself chain, insists that all its suppliers comply with a comprehensive environmental checklist. It was the first big retailer in the UK to take the initiative and has worked with its suppliers to help them conform to its required standards.

"We now know far more about our products and we can talk with greater confidence because we have exposed our skeletons. It helps us manage the husiness that much better," says Alan Knight, B&Q's environment specialist.

Large buyers, such as BT and IBM UK, also include environmental criteria in their specifications. These companies might be less susceptible than retailers to consumer pressure, but neither wants their mage tainted by the environmen-

tal misdemeanours of suppliers.
The effects of buyers' environmental demands have begun to per-colate down the supply chain. "For many small companies who are not directly affected by new laws, it is often the first time that they have had to think about the environment in business terms," says Edwin Datschefski of the Environment Council, a charity that pro-motes good environmental practice

emolition work has started work near Copen-hagen's Kastrup Airport, but the buildings are not coming down to make way for a new runway. The space is needed for the approaches to a planned \$6bn (£4.2bn) road and rail project which has raised the hackles of environmentalists, politicians, and the public and severely embarrassed the Swedish and Danish gov-

The controversial bridge-tunnel between the two countries is designed to stretch for 17km and carry vehicles and trains. With another bridge in lower Denmark, due to open in 1995, it would provide an important commercial transport link between northern and southern Europe.

The bridge's numerous opponents say the Danish and Swedish govern-ments have not conducted required environmental impact assessments. They also contend the proposal goes against the international positions taken by both Scandinavian nations on issues such as climatic change, transport and marine protection. Although they signed the climate change treaty at the Earth Summit in Rio de Janeiro, the increased traffic, and thus greenhouse gases, resulting from the bridge counter that commitment, say environmentalists.

The polluted Baltic Sea is another issue. The bridge would span a cru-cial strait that is a narrow lifeline of salt water and oxygen for the sea's already ravaged ecosystem. Both governments - together with the other nations bordering the Baltic Sea - recently signed an international convention aimed at improving the Baltic water quality.

Officials from Sweden and the new Danish administration say all environmental concerns will be satisfied before the bridge-tunnel construction begins.

"We can only say that everyone has to trust us to consider all the environmental concerns," says Jaerel Turdin, head of planning at the Swedish environment ministry. "Government approval will not be given before all these concerns are

While some bridge opponents might dismiss Turdin's promises, the Centre party, of which she is a member, voted against the bridge in 1991. That was before Sweden's Social Democratic party fell from power and the non-socialist coalition, including her party, took over. Last month, bridge opponents

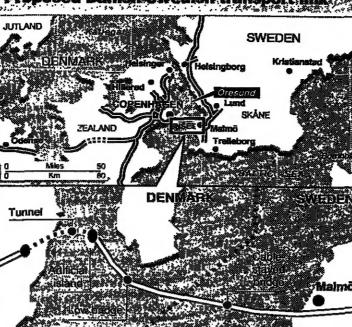
gained a significant victory in the battle to stop the bridge when two key environmental review panels recommended against the bridgetunnel plans. However, Sweden's prime minister, Carl Bildt, whose Peter Knight conservative Moderate party favours the bridge, says "sooner or

Plans for a road-rail link between Sweden and Denmark are causing

controversy, reports Joe Kirwin

A bridge too far

Proposed Danish-Swedish transport link



later" it will be built. In Denmark, the political situation concerning the bridge is just as muddled. The new Social Democratic government appointed in January also includes political parties

sion agreed between the two gov ernments was wrong because it committed the two nations to a train-car bridge between Malmö and Copenhagen," says Bjorn Gillberg, one of Sweden's most prominent that voted against the bridge in a environmental advocates. "The gov-

The bridge would span a crucial strait that is a narrow lifeline of salt water and oxygen for the sea's already ravaged ecosystem

parliamentary vote in 1991. It was in the summer of that year that the governments signed a bilateral agreement to build a train-car bridge linking the Swedish city of Malmö and Copenhagen.

The resulting parliamentary votes enraged not only environmental groups, but also political parties in Sweden and Denmark. "The deci-

ernments didn't say: 'We want a bridge that will cause the least amount of environmental damage and which also provides the least expensive option.' Therefore the agreement disregarded an option such as a train tunnel."

This is the alternative that most bridge opponents prefer if there is to be a fixed link. "The agreement

also disregarded a bridge or a tunnel between Helsingborg (in Sweden) and Helsingor (in Denmark). where the distance across the water is only a few kilometres."

Following the 1991 agreement, a consortium of Danish and Swedish consultants was established and a bridge-tunnel design drawn up. The blueprint calls for a bridge from Sweden to an artificial island sev-eral kilometres off Denmark. From there to the Danish shore, a fixed tunnel would be lowered into the

With the design work, the consor-tium spent more than \$5m on an environmental impact assessment. Recognising the stiff opposition, it persuaded Gillberg, who has spent a lifetime fighting environmentally damaging projects, to oversee the

when the environmental impact survey was completed last autumn, it was sharply criticised by environ-mental groups, as well as by the Swedish government's Environmental Protection Agency. The failure to examine alternatives was a significant complaint

"The consortium was given a direct mandate from the governments," Gillberg explains. "They called for a train-car bridge between Malmö and Copenhagen and that is what was studied. So it is wrong to blame the consortium for not studying the alternatives." One contentious issue is the effect

of proposed dredging, which is supposed to compensate for the blockage of salt and oxygenated water caused by the bridge's large pilings. The impact study claimed deeper shipping channels would maintain adequate salt water inflow.

"Nobody knows if the dredging will work or not," says Mats Abra-hamson, a marine biologist with Greenpeace in Sweden. "They have only computer models. The only place where the salt water reaches the Baltic will also be obstructed by the other new bridge that will be completed next year." He adds: "Maybe, we could take a chance if the Baltic Sea was not in such fragile condition already. But this could be the nail in the coffin."

The controversy has involved the EC Commission. "Originally, the Commission said the bridge violated the 1985 EC directive on environmental impact assessment," says Jan Sundergaard, a Greenpeace official in Denmark. "But last November, after opposition against the Commission grew in Europe and subsidiarity became such an issue, the Commission dropped the bridge

Engineering and architectural companies in Europe are keen to obtain work from the bridge project. The problem is that it is still not clear what will be built and a final decision is some way off.

Casting doubt on green investment By Bronwen Maddox

he cost of going green is still a worry for many businesses, and environmental costs are expected to rise sharply, according to a new report* by consultants P-E International

The companies' comments come as evidence emerges from the oil industry that the annual costs of pollution control will have risen by 50 per cent in less than a decade and the costs may be handicapping the companies ability to invest.

After years of regarding environmental measures as a cost, ministers and environmental consultants are now fond of proclaiming, almost as an axiom, that greener means richer. However, these figures on the real impact on businesses' costs suggest many companies are right to question whether environmental investment really represents an opportunity.

The report says "over two thirds of companies expect operating costs to increase as a result of addressing environmental issues" More than three quarters attribute the need for changes to EC directives, compared with 47 per cent citing UK legislation as a source of pressure.

The survey, which analyses 250 companies about their "logistics" – every part of the supply chain from buying raw materials to distribution and packaging – was conducted together with David Bellamy Associates, a subsidiary of P-E run partly by David Beliamy, the environmentalist. It adds: "There is considerable uncertainty about the commercial benefits of responding to many environmental concerns. A large proportion of companies, therefore, intend to wait until they are forced into action by

Like many consultancy reports, the survey argues: "The ability to be pro-active . . . will determine which companies will prosper". But the evidence for this conclusion is not fully supported by the report.

Although P-E found that where the companies had taken environmental steps such as reducing packaging there was "a very significant cost reduction element", this does not demonstrate that environmental measures can be in a company's financial interest so much as raise questions about why the management had neglected to

take the steps earlier.

Jan Szymankiewicz, managing director of P-E's logistics consulting arm, argues that companies which anticipate environmental legislation have the chance to adapt more gradually and cheaply than those that leave it to the last minute. While this is plausible, plenty of exceptions can be envisaged. particularly where the relevant environmental technology is changing fast to the benefit of

those companies which wait.

Szymankiewicz agrees, too, that environmental investment could lead to a competitive disadvantage for companies exporting to region with different environmental rules: "It is probably true that they will have higher costs [because of compliance with the green rules]."

Evidence to support that concern is emerging from the oll industry. The Petroleum Industry Association, in an informal poll of its members, has found that their total investment will rise from an average of around 2170m a year in the last three years to £270m a year over the next five

However, the association has also found that the companies' total investment spending has scarcely risen, suggesting environmental investment may be squeezing out other spending that could improve competitiveness.

There are no clear-cut answers to whether environmental investment is a burden or an opportunity for businesses - they are buried in the companies figures for operating costs. investment and market share. As the impact of compliance with recent legislation on companies becomes clear, some of the rhetoric about environmental investment may give way to a clearer picture of what companies can be expected to deliver.

*Going Green - the Logistics Dilemma. P-E International. Tel 0734 434411.





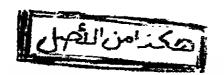
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Clemer



Opera/Max Loppert

La Damnation de Faust

he Berlioz work with the high-est tally of opera-house performances is not one of his three operas but La Damnation de Faust, the Goethe-inspired "dramatic legend" written for the concert hall. Berlioz's libretto is decked with stage directions ("Distant sounds, rustic and war-like, begin to disturb the calm of the pastoral scene") which nevertheless are intended to be executed in the lis-

MARKELLAND

 dd_{OX}

-

tener's imagination.
"La Damnation", David Cairns has written, "has the character of a dream" - lightning-swift in the modulation of mood and passage of incident, shaped with a dramatic logic unarguable but impalpable, carried on a current of brilhantly coloured and beautiful musical invention, an opera not of the stage but (Cairns's words) "the mind's eye". So is any attempt to realise it theatrically an act of artistic hubris? Is it sheer producer's pride, designer's delirium, management mania that brought La Domnation de Faust to the Coliseum in 1969 (revived 1980), and that now brings it to Covent Garden for the first time since

Answers to those questions will surely be as numerous and as diverse as the audience-members themselves; the minority who at Monday evening's curtain calls made plain their dissatis-faction with Harry Kupfer's new Covent Garden staging, in the designs of Hana Schavernoch (sets) and Reinhard Heinrich (costumes), deserve tolerance and even sympathy. Myself, I sat utterly dazzled and enchanted, drinking in the kaleidoscope of visual images counterpointed with the music, convinced (at least temporarily) that this must be the most completely ravishing score of the entire 19th century, and longing at the close for an instant repeat performance.

For me, indeed, this was two-and-ahalf hours (unbroken by interval) of music-theatre magic. The engagement for the occasion of the world's leading Berlioz conductor is of inestimable benefit: a Damnation of Faust production considerably less mercurial than Kupfer's, less deeply imbued with Berlioz-ian intelligence, irony and Romantic passion, would no doubt still take wing as a result of Colin Davis's lifelong involvement in the music.

Michael Geliot's 1969 Coliseum staging employed a combination of projected images and processional devices

the pressures within a ballet company.

or thought we saw - turns to some

baser material as time passes, and

occasional soloist roles are the reward

for what once seemed a talent to storm

the heights. The Paris Opéra Ballet has

in latter years set aside evenings in the Palais Garnier to celebrate the potential

of its youngest dancers, so that the

Paris public (always vary partisan) may

judge the gifted young, and the gifted

young may have moments of giory as a

reward for talent, and a taste of greater

The evenings are tremendously

exciting. A clue to the Opéra's dance

style lies in display, in assured prowess.

in the assertion of "moi". Some years

ago, in Natalia Makarova's Bollerina

series for BBC TV, shots of class at the

Opéra superb Ballet School found the

teacher urging her girls to show plus de

chic; beaucoup plus de chic. It's a phrase

which sums up a lot about attitudes at

the school and in the company.

Technique, the presentation of the

dance, is glossy, and has that wit which

is an essential component of chic.

rewards to come.

to attempt a theatrical encapsulation of Berlioz's dream-dramaturgy. (Film has often been claimed as the work's ideal medium, although so far no-one has managed to put that belief to the test.) Kupfer works with simpler materials - gauzes, flying and trollied props, lightflashes, giant dolls - which he compounds with speed and legerdemain, in ways that evoke the manifold pleasures of "naive" theatrical experience while simultaneously throwing out complex reflections about the work itself.

The basic set is a 19th-century theatre auditorium, with boxes and a central glass door: old Faust enters it in silence at the start, a refugee from a snow-bound world. (La Damnation de Faust was given its concert-performance premiere in a Paris opera house - the Paris Opéra-Comique - on a day in November 1846 when ferocious fiarce snow-flurries contributed to the work's poor attendance and reception.)

Into whatever form and guise it develops in the course of the evening, the relationship between this Faust Faust-Berlioz, one soon comes to think of him - and this theatre-within-a-theatre is held at a remove: he wanders through the staging as through a landscape filled with fleshly delights to which he is alien, a world coarse in bourgeois manners and crudely militarised, an environment he can only domi-nate by submitting to the dictates of an embodied negative conscience.

Poetic irony is the key to Kupfer's Berlioz vision, an irony achieved in a succession of fluidly forming and dissolving theatrical images which the spectator is invited to absorb into his experience of the acore, his awareness of its composer, its literary sources, its period of creation, its position in the history of Romantic artistic expression.

Almost everything in the staging manifests profound sympathy with the precise quality and character of the musical invention; the sardonic whip-crack of Mephisto's exchanges, the hol-low exhilarations of the martial sequences, the exquisitely elusive lyricism of Marguerite's doomed passion. Even in the ending - Kupfer devises here an effect of Brechtian alienation which wholly undermines the heavenly-salvation finals, and which will prove the production's most controversial feature - faith is kept with Berlioz's tracing of (as Cairns puts it) "the defeat of

With spring in their steps

Clement Crisp reviews young dancers at the Paris Opéra

dancer's life is short, and Russian young can look soulful (though

youthful promise has a nasty sublime) by comparison. Americans habit of fading away, either by may appear hard-driven in attack; the reason of neglect or because of English somewhat demura. Most of the

OPERA

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James Conion conducts lan

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Commentary. Fri and Sat Jakob

Lenz's The Soldiers directed by

Kammerspiele has Wedekind's

Royal Theatre The main event

this week is the first night on Sat of a new production of Drot og Marsk, a Danish historical

opera composed by Peter Heise

in 1878. John Frandsen conducts

also includes Le nozze di Figaro

Deutsche Oper am Rhein Tonight

Tomorrow: Die Fledermaus. Fri:

Goldberg Variations, new ballet

and Bournonville's A Folk Tale

a cast including Poul Elming,

Christoffersen. The repertory

Tina Kiberg and Kjeld

and Napoli (3314 1002)

■ DUSSELDORF

ballet mixed bill, including

Forsythe's in the middle.

Musik on Fri, Sat, next Tues and

Werner Schroeter. Sun: Hebbel's

fan tutte (221,8400)

Müller's Shakespeare

Maria Magdalena. The

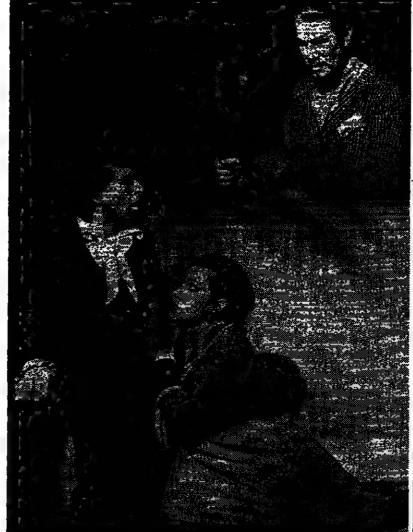
■ COPENHAGEN

Wed (221 8400)

THEATRE

Wed: Gwyneth Jones song recital. March 25: first night of Liviu

Judge's production of Macbeth,



ARTS

Jerry Hadley, Olga Borodina and Samuel Ramey

Davis's Damnation de Faust reading has matured. Energy, intensity of colour and line, command of rhythm are still its notable characteristics, enriched now by an "inner" awareness of musical sense and direction that fills every note with an extraordinary iridescent glow. On a keyed-up first night, with so sophisticated a staging to attend to, pit and stage were not always exactly co-ordinated (a substitute Brander who lost his way caused problems in the Tavern scene). But aiready there were marvels of idiomatic playing and choral singing to relish - and no doubt these will be infinitely increased during the

The star of the show is Samuel Ramey, in magnificent form as Mephis-topheles, singing with the fastidious control of tone, line and word that

marks the natural Berliozian, and playing with a masterly balance of wit, seriousness and menace. Jerry Hadley's tenor, excellently well suited to the French repertory, sounded on Monday a little dry in its lower reaches, a little too ready to fall into rasping parlando; his Faust is an alert, personable, quickspirited figure.

Olga Borodina's beautifully full, softtextured, wide-ranging mezzo-soprano lacks the admirable distinctness of verbal delivery of both her colleagues: altogether, this opening-night Marguerite was a sketch which will surely be filled out during the run. I wish I could witness that filling-out process; I wish I could attend all remaining five perfor-

Sponsored by The Friends of Covent Garden; in repertory until March 25

all these to redeem Ben Stevenson's Three Preludes in which she was trapped with her partner, the elegant Yann Bridart. The dance amounts to hollow emotings to Rakhmaninov - it is a faked choreographic organ - but these devoted artists gave the movement a sincerity which redounds enormously to their credit. Another rescue operation was performed by Delphine Basy and Emmanuel Hoff in the duet from William Forsythe's In the middle. Mile Baey produced the dead-pan force, the far-flung limbs and the general air of aggressive boredom that the piece demands. I would love to see her in a ballet; she is a physically

There were other young performers on view, their moments of glory well merited. How good to see a great national troups able and willing to salute its next generation. And in matter of dance, it is worth urging any visitor to Paris to the Matisse show at the Beaubourg, where you can see the Petersburg version of La Danse, its movement as thrilling as the activities of the apprentice angels at the Palais

The Paris Opera Ballet will be on tour

Television/Christopher Dunkley

Thick, and proud of it

he proletarianisation of British television is proceeding apace. This is, perhaps, no great surprise; after all, television in the US, commercial in tooth and claw from the very beginning, has always been aimed straight - and almost exclusively - at the tabloid market and in the UK the writing has been on the wall for five years. Like so many politicians. Thatcherites never liked broadcasters whom they saw as unelected troublemakers. When Mrs Thatcher was Prime Minister, Norman Tebbit (so charming, so civilised, so urbane in BBC2's interview with David Dimbleby on Sunday) was set loose to savage the broadcasters as only he knew how, while Mrs T. herself listened to the opinions of ber favourite mass media mogul, Rupert Murdoch.

It was Mr Murdoch who, at the 1989 Edinburgh Television Festival, declared that much of what passed for quality on British television - snobbish old fashioned drama, for instance - was really no more than a reflection of the values of the narrow elite which controlled broadcasting and had always believed that its tastes were synonymous with quality. Just how these pointy headed snobs tricked the viewing millions into watching Brideshead Revisited and Jewel In The Crown was something he did not explain. He did, however, make it pretty clear that what was needed was a lot more channels like his own, Sky, an opinion which he presumably impressed upon his friend Margaret Hilda.

Whether or not we are talking here about direct cause and effect, a few years later we find ourselves with a newly arranged broadcasting system in which Channel 4 has to compete for ratings in a manner which was never previously necessary, and the ITV companies are driven into a vortex of market competition in order to find the money to pay back the millions which they had to bid at auction to acquire their franchises, not to mention the Treasury tax. The BBC meanwhile declares that, as a result of the changes in the industry. it will inevitably lose a third of its audience over the next few

The outcome, on screen, is that the Reithian principles on which broadcasting in this country has traditionally rested are now being turned upside down. Reith believed that you should aim programmes slightly above the intellectual level of your expected audience and thus keep encouraging people to improve themselves. A growing number of programmes now appearing on our screens do the opposite: rather than helping the audience up, they drag the subject down, seeking a level where it can appeal to the most casual channel zapper.

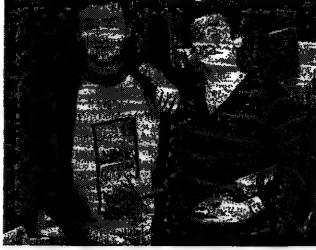
Thus Harry Enfield's Guide To Opera on Channel 4 is got up to look quite literally like a comedy, Enfield and Paul Whitehouse who have been so hugely successful in such dou-ble-acts as Smashie and Nicey, the disc jockeys in Harry Enfield's Television Programme, appear here as Dad and Son, a couple of cheeky chappy cockneys (apparently the sort of people we should admire for liking opera) and also as The Opera Ponces who enthuse over the more arcane aspects of opera in public

school accents (and therefore, it seems, deserve our conmaniac avec le black voiture?" it seems, deserve our contempt). Mr Murdoch should be delighted_

The opening episode contained lots of famous extracts, interestingly using Opera North and Paul Daniel as the "resident" company rather than the ENO or Covent Gar-den as might have been expected, and it was very funny. Enfield's thumbnail sketch of a typical opera - "Act 1, bird comes on, warbles . . Act 3, mixture of snogging and violence...Act 4, one of the blokes has a bit of a sing by himself, reads a letter from his mum..." was hilarlously accurate. Perhaps the series will, indeed, induce some of those who know opera only via the World Cup signature tune and the Three Tenors concert to buy some CDs or even a ticket for an actual performance.

But you can hardly miss the dramatic contrast in tone between this series and, say, Civilisation which, though The appeal is to precisely that sort of xenophobic mentality which has become so familiar in recent years from televi-sion's coverage of the British soccer fan abroad.

The dragging down of the level of appeal is not limited to arts programmes and drama. More and more television journalism is now concerned primarily with entertainment. Much of it, such as Life and CD, as was noted here two weeks ago, is bitty and sensational. Even among more serious programmes such as ITV's Disguises there is a concentration on "human interest" which is certainly attractive and may at first seem quite reasonable but which proves on subsequent inspection to involve the abandonment of that contextualisation and analysis at which British current affairs programmes had become rather good. For the first two programmes in the



Harry Enfield and Paul Whitehouse as Dad and Son in 'Harry Enfield's Guide to Opera'

made 25 years ago, has continued to typify - or serve as the great example of - arts programmes on British television until now. Kenneth Clark would not have referred to an opera audience as "smug gits in dinner jackets", one of sev-eral phrases from Enfield which reeked of snobbery, albeit the inverted sort. Would smug gits really become more worthwhile in his eyes if they wore shell suits from C & A?

A similar attitude of "I'm thick and I'm proud of it" has permeated the first two epi-sodes of A Year in Provence on BBC1. In previous years a series about a couple throwing up middle class life in London to live in an old stone farmhouse in southern France would probably have accepted Provencal life on its own terms and enthused over the unfamiliar culture. But that would hardly have held the attention of the channel-hopping soccer fan, would it, so here we get the soccer fan attitude to abroad. Froggies are daft foreigners

who insist on speaking a barmy foreign language, they're all wind and show, incapable of sticking to a job for more than a day, and everything from their driving to their weather is deeply doubtful. Subtitles, as Mr Murdoch would doubtless explain, are disgracefully élitist, and so we have two embarrassingly awful substitutes: Lindsay Duncan as the wife translates anything which is spoken in French, so that the dialogue moves at snail's pace, and John Thaw as the husband speaks Franglais: "Le problem is les pipes. BurDisguises series Adam Holloway has played a schizophrenic living rough and seek-ing medical help and accommodation. They have provided a vivid illustration of the failure of the "care in the community" theory which the government used to close down so many wards in mental hospitals. But they have not extended thought beyond that

If this is the evidence on screen a mere 10 weeks after the introduction of the new system, how will matters look after 10 months? It seems clear already that the increase in competition for audiences is going to become keener yet. Perhaps Alan Yentob, who has done such a good job with BBC2 and now been asked to take over BBC1, will manage the amazing feat of improving quality on the corporation's more popular channel without losing too large a proportion of the audience. But that still leaves ITV and Channel 4 to worry about, and of course the satellite and cable networks which - we are now assured could be offering 500-chan-

nel systems, thanks to digital compression, in a matter of months rather than years. The claim has always been

that when the technology finally overcomes network scarcity we can all stop griping about programme quality because the choices will be infinitely varied: television, like print, will provide everything from a solid diet of pornography or comic trivia to a balanced diet of grand opera, serious journalism and high quality drama. I wonder.

INTERNATIONAL

BONN

Bonn Opera has Otello tonight and Sat, and Der Freischütz tomorrow, Sun and next Wed. both staged by Giancarlo del Monaco and conducted by Dennis Russell Davis. March 21: new production of Puccini's Trittico. March 22: Lucia Popp song 😁 recital (773667)

■ COLOGNE

Philharmonie Tonight, Cleveland Quartet plays Haydn, Smetana and Ravel. Tomorrow: Peter Schreier conducts Bach's St John Passion, Fri: Egberto Gismonti Group, jazz. Sat: Alexander Lazarev conducts Bolshoy Orchestra. Sun morning, Mon and Tues evening: James Conlon conducts Gürzenich Orchestra in Chopin's First Piano Concerto (Tzimon Barto) and Bruch's Second Symphony. Sun evening: Muhai Tang conducts Rhineland Pfalz State Philharmonic in Prokofiev and Brahms (2801)

young French, if not all - as I saw on Saturday night - take the stage with an allure that speaks of confidence and a clear sense of their identity. At worst they are over-vivacious: at best they are

The programme, given on three successive evenings, comprised pas de deux and extracts from the repertory. All may not have been for the best all the time - a version of the Fairy variations from the Sleeping Beauty prologue did no justice to Petipa, for the Russian classics lie cutside the Opera's traditions; Agon is not for the inexperienced - but the sum effect was of a company (and a teaching tradition) marvellously rich. There were several exceptional talents. A dust from Le Popillon with Isabelle Clavara (aged 20) and Emmanuel Thibault (just 18) was heart-touching. Mile Clavara is slight. enchantingly pretty, and delights in the intricacies of quick, clear, tiny steps: the old Russian ballerinas used to call such choreography "weaving lace with your feet". Mile Ciavara turns, hold a floating pose, is sweetly true in this reconstruction of a

mid-19th century spectacle. M.Thibault is of medium height ~ Baryshnikov, Julio Bocca, his models - and already possessor of a beautifully rounded technique. Marvels are easily done, but more enthralling is his ability to devour space, to race and soar, and seem a meteor. Like Mile Ciaravola, his manner is still innocent; I long to see them both in Coppeins. A grand contrast came with Aurélie

Dupont in Balanchine's Tchaikoosky pas de deux. Winner of the junior gold medal in last year's Varna Ballet Competition, she has an all-conquering skill, but it is allied to a lusciousness of pose (her back, torso, have a fluidity and power more Russian than French) and to an innate musical sensibility. Her manner is serious - if she flirts with anything, it is with the phrasing of the dance, and that she does divinely and I hope the world will be hers, for she seems destined for great things. She had as companion the young but already established, and splendid, Nicolas Le Riche hero of the recent house revival of Le Train Bleu. The pas de deux was radiant. Ghislaine Fallou is another

exceptional talent. She, too, revealed a dignity of presence, a lovely clarity of pose and grace of phrasing. She needed

by Heinz Spoeril. Sat: Swan Lake.

production of Aribert Reimann's

211). The Duisburg Theatre has

Carmen on Fri and Sat. Giselle

Schauspielhaus Tonight Ariel

Fri: Shaw's Heartbreak House.

Sat, Sun, next Tues: Odon von

Mon: Pirandello's Tonight We

Kunstsammlung NRW, directed

by Herbert König (211-162200/

Alte Oper Tonight: Megadrums,

international percussion group.

Herbert Blomstedt conducts San

Francisco Symphony Orchestra

Orchestra in Barber, Bloch and

Maisky. Sun evening: Michael

Gielen conducts South German

Radio Orchestra in Tchaikovsky,

Jahrhunderthalle Hoechst Tonight

and tomorrow; Nederlands Dans

Sat: Glenn Miller Orchestra. Sun:

Herbert Biomstedt conducts San

in Dukas, Sibelius, Harbison and

Francisco Symphony Orchestra

Opernhaus Tomorrow and Sat

Ekkehard Kloke conducts Werner

Stravinsky (3601 240)

Theater. Fri: Roger Whittaker.

Dvorak, with cello soloist Mischa

Tomorrow: Ute Lemper. Sat:

in works by Copland and

evening: Leonard Slatkin

conducts Frankfurt Opera

Berg and Ravel (1340 400)

Bruckner, Sun morning, Mon

Improvise. Eduardo Arroyo's

Bantam opens on Sat at

Horvath's Zur schönen Aussicht.

on Sun and Don Carlo next Tues

Dorfman's Death and the Maiden.

opera Das Schloss (211-8908

Sun: Alda, March 20: new

(203-3009 100)

211-369911)

■ FRANKFURT

dramatic dancer, excellently matched by M. Hoff.

at the Kennedy Center, Washington, from March 18-28. Sponsorship by A.R.O.P, the Florence Gould Foundation, American Friends of the Paris Opera, and Air France

Schroeter's new production of

Kristine Ciesinski and Sergei

Midsummer Night's Dream.

Schauspiefhaus Tonight: Schnitzler's Undiscovered

March 21: revival of Nixon in

China, opera by John Adams

Country. Frl: first night of new

Eschberg (also Sun). Sat: Sophocles' Antigone. March 18:

production of William Forsythe's

Limb's Theorem (2123 7444) English Theater Kaiserstrasse Fri: first night of new production

of Ariel Dorfman's Death and

the Maiden. Daily except Mon

till May 15 (2423 1620)

■ GOTHENBURG

Konserthuset Tonight and

tomorrow: Neeme Järvi conducts

Gothenburg Symphony Orchestra

and Brahms. Next Tues: Stephen

The main event this week at the

production of Siegfried conducted

(repeated March 20, 23, 31, April

12). The repertory also includes

Madama Butterfly tonight and

Fri, and La boheme on Sat and

Staatsoper is the premiere on

Sun of Gunter Kramer's new

by Gerd Albrecht, with Heinz

Kruse and Gabriele Schnaut

in works by Milhaud, Tamberg

Hough plane recital (167000)

HAMBURG

Tues (351721)

OPERA

production of Shakespeare's

Othello, directed by Peter

revival of Frankfurt Ballet

Larin. Fri and Sun: Britten's A

Lady Macbeth of Mtsensk, with

CONCERTS Fri at Musikhalle: Barbara Hendricks song recital. Sun

morning: Haydn and Schubert concert. March 19: San Francisco Symphony Orchestra (354414) THEATRE A new production of Feydeau's

farce A Flea In Her Ear opens at Deutsches Schauspielhaus on Sat directed by Peter Löscher previews tomorrow and Fri (248713). The repertory at Thalia Theater includes Ariel Dorfman's Death and the Maiden and John Osborne's The Entertainer

LEIPZIG

Kurt Masur conducts the world premiere of Siegfried Matthus' new symphony tomorrow at the marking the 250th anniversary of the Leipzig Gewandhaus Orchestra, Sun: Tatiana Nikolaeva plavs Bach, Next Tues: Mark Gorenstein conducts MDR Symphony Orchestra in Mahler's Ninth (7132 280)

MUNICH

Gasteig Tonight, tomorrow evening, Sun morning: Sergiu Celibidache conducts Munich Philharmonic in works by Mozart and Brahms. Sat: Prague Symphony Orchestra plays works by Beethoven, Dvorak and Smetana. Sun evening: Carol Vaness sings opera arias. Tues: Ivo Pogolreich piano recital (4809 8614)

Cuvililés-Theater Tonight, Fri, Sat and Mon: Manfred Trojahn's

opera Enrico. Sun in the Prinzregententheater: Julie Kaufmann song recital (221316) Gärtnerplatztheater Tonight and Fri: Luisa Miller. Tomorrow, next Mon and Thurs: new production of Siegfried Matthus' Cornet Rilks opera. Sat Le nozze di Figaro (201 6767)

LYON

Auditorium Maurice Ravel Tonight, Fri, Sat: Philippe Herreweghe conducts Jean-Claude Berutti's Opéra de Lyon staging of Schumann's Manfred (7828 0960). Tomorrow: Emmanuel Krivine conducts Orchestre National de Lyon in Berlioz, Schumann, Jarrell and Ravel, with solo planist Jean-Marc Luisada. Next Thurs: Anne Sophie Mutter (7860 3713)

■ STOCKHOLM Royal Opera Tonight, Fri, Mon:

ballet mixed bill, works by Renato Zanella, Jiri Kylian and Alvin Ailey. Tomorrow: Cav and Pag. March 20: first night of new production of Pelléas et Mėlisande (248240) Rotundan Sat, Mon, next Wed: Amorina, new romantic chamber opera by Lars Runsten (248240) House of Dance Cullberg Ballet till March 27, with works by Ek, Taylor and Naharin (796 4910) Konserthuset Tonight and tomorrow: Niklas Willen conducts Stockholm Philharmonic Orchestra in Alfven, Schumann, Albeniz and Ravel. Next Wed: Gidon Kremer (244130).

European Cable and Satellite Business TV (All times are Central European Time)

MONDAY TO THURSDAY Super Channel: European

Business Today 0730, 2230 MONDAY Super Channel: West of Moscow 1230.

Super Channel: Financial Times Reports 0630 WEDNESDAY

Super Channel: Financial Times Reports 2130 THURSDAY

Sky News: Financial Times Reports 2030; 0130

Super Channel: European Business Today 0730; 2230 Sky News: Financial Times SATURDAY

Super Channel: Financial Times Reports 0930 Sky News: West of Moscow 1130; 2230

SUNDAY Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030



that China contains roughly a quarter of the human race. Given that fact, it is remarkable how unimportant to the rest of the world it has been and, as of

this moment, still is. For Japan, despite its proximity, China is no bigger a trading partner than Australia. As a market for British exports, it is lia, and only just bigger than New Zealand

Precisely because China is so vast, its energies until now were turned inward. In the 19th and 20th centuries its development was held back by internal upheavals, as well as by foreign interference and conquest. From 1949 to 1978 it was walled in by a draconian 1979 China has been changing at breakneck speed. During the 1980s growth averaged nearly brief dose of austerity following the 1989 Tiananmen massa-cre it climbed again to 12 per cent last year.

Some of the implications are spelt out by Peter Ferdinand, of the Royal Institute of International Affairs, in a paper prepared for last weekend's UK-Japan 2000 Group meeting at Awashima, near Tokyo. He refers to "rudimentary calculations at the IMF" suggesting that on current growth trends China could overtake Japan and become the second largest economy in the world "around or soon after the year 2000".

Simple projections of current trends are nearly always wrong, of course. Mr Ferdinand lists political, economic, environmental, administrative and foreign policy problems that China now has to confront. But he also sees similarities between China's development model and those of other east Asian economies, which have sustained high growth for 20 years or more, based on a high ratio of savings to gross domestic product.

Already there is a de facto ing Hong Kong and Taiwan to the mainland. This in turn, says Mr Ferdinand, will be increasingly integrated "into the dynamism of the broader Asia-Pacific region".

it is thus quite plausible that Chinese growth will continue through this decade at an aver-

Asia as a region

A forum for co-operation should be encouraged



age of 7 per cent, while exports rise from their current 17 per cent share of GDP to at least 20 per cent. In that case, China's share of world trade could be 3.5 per cent by the year 2000 the share that Canada, a G7 member, has now.

China's military power will no doubt keep pace. It is currently buying large numbers of SU 27 and MiG 31 fighters from Russia, and has shown interest in acquiring an aircraft carrier from Ukraine.

Increasing defence expenditure is a general trend throughout the region. In part, it reflects the increased spendpower of states with rap idly growing economies, but it also stems from a general insecurity. Peace, a necessary condition for continued economic growth, is not taken for granted. Indeed, many of China's neighbours are less inclined to take it for granted than in the past, when the cold war made it reasonably certain that the US would remain militarily engaged in the region. Yet it is hard to believe that

commercial vehicle maker in receivership, is a striking a regional arms race is the best way, either to encourage the US to stay in the region or to reminder of the destructive ensate for its withdrawal What is needed is a multilateral political relationship across corporate Britain.
The introduction of the 1986 would both reflect and

ensure the growing interdepen-dence of the region's econo-East Asians are quick to tell you that their region does not lend itself to institutions such as Nato, the EC or the Confer ence on Security and Co-operation in Europe. It lacks a common cultural heritage, they

say, and even a clear geographical identity. The states of the region have divergent interests and different political systems. Behind these abstractions lurk more specific anxieties. Many fear a new Japanese hegemony, while Japan (rather like the UK in Europe) fears being forced to choose between a regional role and its special relationship with the US. The US itself has discouraged the East Asian Economic Caucus proposed by Malaysia, fearing it might lead to discrimination

against US exports. Yet, ironically, the US has also, by pushing Japan to open its financial markets, helped bring about the beginnings of a "yen zone" in which the dollar is losing ground. And there is no obvious reason why an Asian economic grouping should be any more protectionist than the North American free trade area. East Asia is even more dependent on international trade than are North America and western Europe; and so has even less interest than they do in a world of protectionist trading blocs.

The emergence of China as an economic power should make multilateral relationships in Asia easier to manage because they would no longer automatically be dominated by Japan. It also makes them more necessary. If China is isolated it will remain suspicious external powers, and more inclined to rely on military strength for its security, which in turn will make neighbour-

ing states less secure. What is needed is a forum in which China and other states interested in east Asian security (which must include Russia and the US) can find ways of reassuring each other about their military capabilities and political intentions. The next post-ministerial conference of the Association of South-East Asian Nations would be a good place to start.

he threat of further job losses hanging over British workers at Leyland Daf, the

Insolvency Act after nearly a decade of debate was seen as an important support for strug-gling businesses. But after being put to its first real test in the recession, that belief is now being called into question.

Mr Chris Hughes, head of insolvency at Coopers & Lybrand, the UK's largest accounting firm, reflects this pessimism. He says that all too often the law amounts to a prescription to "bayonet the wounded" among companies in financial difficulty. He calls for wholesale reform of the law.

His remarks had important symbolic value, since the 1986 Insolvency Act was based on a report by a committee chaired by the late Sir Kenneth Cork of Cork Gully, the insolvency firm which merged with Coopers 13 years ago. The report called for measures to help husinesses in debt survive and preserve their employees' jobs. Its proposals proved highly controversial, and the legislation had 1,200 amendments

before it was passed.
The evidence suggests Sir Kenneth's hopes have not been realised. Figures from Dun & Bradstreet, the corporate information group, show 16,600 business failures in 1982, in the middle of the last recession. In 1992, the number was 62,800. Failures as a proportion of all companies paying value-added tax jumped from 1.2 per cent in 1982 to 2.8 per cent in 1991. Several insolvency firms

have started to call for modifications to the law. Their primary concerns focus on improvements to the operation of two procedures introduced by the 1986 act; administration orders and company voluntary arrangements (CVAs). More radical suggestions would weaken the power of creditors. Administration orders offer

the chance for a company to survive by keeping it trading and protected from its creditors while it restructures. Companies apply to the courts for such protection and, if the application is successful, an insolvency practitioner is appointed to oversee the process. Well-known examples include Mr Asil Nadir's group Polly Peck International, Britsh & Commonwealth, the financial services group, and Olympia & York, the develop-

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you are.

Andrew Jack examines growing pressures to reform Britain's corporate insolvency law

Little succour for the stricken

ers of Canary Wharf.

has proved successful. Chancery, a small financial services company, was successfully reconstructed at the end of 1991. But most companies under administration have failed to emerge intact. Mr Hughes argues that more

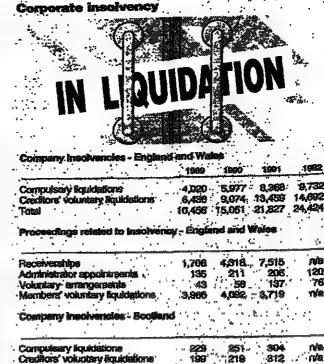
companies should be encouraged to apply through the courts for protection, by simplifying the procedures and by removing disincentives. These include the requirement for the administrator to report on the conduct of the company's directors. He would also like the law to permit creditors to apply for administration orders and the courts themselves to propose them.

Few want to see the procedure become more like the protection from creditors offered under Chapter 11 in the US. This leaves the management in charge of the company, generates a complicated series of creditors' committees and results in large professional fees over years. "Chapter 11 is frightful," says Mr Mark Homan of Price Waterhouse, the accountancy firm. "The debtor is lawyered to death."

Insolvency practitioners are equally eager for reform of company voluntary arrangements, under which the mangement puts up a restructuring proposal to creditors and continues to run the company. CVAs have to be approved by court order but the system is far less bureaucratic than other insolvency procedures.

However, under the current CVA system, a company has no protection from its creditors once it has informed them of its need to renegotiate its debts unlike under the system of administration. Neither do CVAs offer protection to directors against wrongful trading prosecutions if they operate insolvent businesses. As a result. CVAs are only normally used once an administration order is coming to its end.

"We need a stay of execution of about a month under some supervisory authority during which directors have the



nance of renegotiating their debts," says Mr Homan. During that period, the company would be protected from any action by its creditors.

The problems with administration orders and CVAs are illustrated by the fact that since the 1986 law went into effect they have been used in less than I per cent of all insolvency procedures (see table).

Many companies entering receivership do not end up in liquidation, but are ultimately sold as running businesses without the loss of all their employees. But the process is still destructive, since it may jeopardise the survival of other small businesses or individuals who are creditors to the comand are unlikely to be paid in full. "One company's bad debts are another compa-

Members' volontary liquidations ny's fallure," says Mr Paul Shipperiee of accountants Levy

> A more radical approach to cutting the number of insolrencies, advocated by some practitioners, would be to reduce the incentive of creditors to appoint receivers. That could be achieved by abolishing floating charges - the system whereby banks secure their loans against all of a company's assets. This gives the receiver the power to raise funds on behalf of the creditor

> from across the business. In most other countries, by contrast, banks can only secure loans with fixed charges on specific named assets Receivers, appointed by the banks, are therefore more restricted in their ability to raise funds from the business

concerned.

The various calls for insol. vency reform have, until recently, received little official support. But late last year, the Department of Trade and Industry announced a wide. ranging reform of company law. A part of this review, according to Mr Neil Hamilton, minister for corporate affairs. would include an examination of company voluntary arrangements. Further details are

expected later this year.

But there is still much disagreement about how extensive reform should be. Mr. Nigel Hamilton of Brust & Young, the president of the Society of Practitioners of Insolvency, believes that the procedures of administration and CVAs needs some amend ments. However, he says radical reform is not necessary and that the existing law can be made to work. Insolvency practitioners are also reluctant to endorse pub-

licly reform of floating charges since so much of their business is awarded by banks. Banks would resist any move to curb their power over borrowers. But the ideas are being discussed by bodies such as the insolvency lawyers association, Equally, Mr Nigel Hamilton argues that a "rescue culture" cannot be achieved by changes in the law alone. He says that the Inland Revenue and Cus toms & Excise – typically large creditors to companies in trouble – are often too infléxible in negotiations which could save a business. More gener ally, he says that by the time insolvency practitioners are called in, it is often too late to

chieve a rescue. A recent survey by the society estimated that the most important reason for company collapses was management failure. Many left it far too late to seek professional assistance in paying their debts, leaving litle alternative to receivership.

Mr Chris Morris, head of corporate special aervices at Touche Ross, the accountancy firm, says he frequently comes across directors who have puraued lavish lifestyles, written cheques to creditors but then stuffed them into desk draws, and failed to send out invoices. We suffer from a lack of competent management to steer companies through difficult

The quality of management is unlikely to improve quickly. But with reform of insolvency procedures also expected to be a protracted process, many more companies, their creditors and employees will face the prospect of collapse.

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

urgent need of transport investment

From Mr Peter W Corfield. Sir, Your leader, "Rail in London" (March 9), is right to highlight the serious flaws in the logic upon which the rumoured postponement of Crossrail is based. It should be borne in mind that the same manipulators of statistics influenced the capacity of the M25 - a brilliant exercise in forethought, analysis and planning for growth. In this case, they appear to have overlooked the Paddington-to-Heathrow link,

among other things. There is little doubt that the transport infrastructure in and around London is at crisis point and, political dogma apart, is in urgent need of significant investment. If London is to retain its position in the premier league of international financial centres that investment must be committed now

 and not just on rail projects. Those responsible for traffic planning in the metropolis seem obsessed by their need to manipulate congestion instead of adopting a longer-term policy of providing diversity. There is no value in diverting the congested Al3 traffic on to the new Docklands highway if, as is likely, the result is gridlock at Tower Hill. Similarly, there is no point in providing the Channel tunnel termini at Stratford and Waterloo if the Jubilee Line is not extended.

Your editorial is wrong, how ever, to compare Crossrail with the Jubilee Line. Twenty-five per cent of the cost of the Jubi-lee Line extension will be borne by the private sector, just as the £3.25bn public investment in infrastructure has been matched by £12.5bn of private investment in the area. Docklands is far from being a "withered extremity". It is alive, confident in attitude and poised to meet the challenges of the 21st century.

Now all we need to do is apply the same formula to the rest of London. Peter W Corfield

London Docklands Business Initiative. 10 Cabot Square, London E14 4QB

London in | Wrong assumptions | Call to arms about investment flows in Europe

From Mr Stephen Thomsen. Sir, There is a dangerous notion about that there are winners and losers from foreign direct investment ("Footloose across Europe's frontiers", March 9). If Britain attracts more investment than the rest of Europe, then it must be a ringing endorsement of British policies, particularly towards labour. The erroneous assumption is that companies are looking for the best place to locate within the single mar-

While that may be true in some cases, recent research at Chatham House suggests that | London SWIY 4LE

the vast bulk of investment flows in and out of the same set of countries. The UK is the largest recipient in Europe but it is also the largest investor. How are we to explain that on the basis of relocation decisions? Like trade, direct investment is often used as a form of market access by companies. Also like trade, investment is a positive sum game. Stephen Thomsen, research fellow. Royal Institute of International Affairs, Chatham House, 10 St James's Square,

New growth theory as the backdrop of policy initiatives

From Mr R Kozul-Wright and Mr J M van Brabant.

Sir, Samuel Brittan's heavy-handed treatment of the new growth theory ("Endogenous growth - treat with care", March 4) misses the core of the debate. He implies that this is merely a re-run of a familiar (and intrinsically flawed) story stressing capital investments and government subsidies. This is incorrect. First, his summary of new

growth theory as "throw[ing] bricks and mortar, machinery or research laboratories at problems" as the "key to pros-perity" misses the stress on the interdependence of technology, training, trade and capital investment. Because invest-ment in plant and equipment must be complemented by building up learning capabili-ties (that is, learning to learn, learning to borrow, learning to do and learning to use), history matters. Mr Brittan's reaction is to

recall the role of entrepreneur ship. However, the heroic Schumpeterian figure, and even more the Hayekian agent of arbitrage, is increasingly marginalised by developments in the global economy. The most dynamic firms are acquiring and improving their entrepreneurial capabilities in close co-operation with other firms and public agencies. Similarly,

successful national development strategies have involved public support to learn, to experiment and to create. This is the essence of the lessons to be derived from the experience of rapid growth in east Asia, which belies many of the free market nostrums of the 1980s and highlights the importance of public and private co-opera-Second, while Samuel Brit-

tan is still pondering the etiology of growth and investment, endogenous growth theory is capturing important changes in the global economy. In particular, the explosion in foreign direct investment, which has contributed significantly to the diffusion of technology, to new ways of organising business activity and to new forms of competition in the global marketplace, can now receive the attention it deserves.

On all accounts, new growth theory has brought economists closer to decision-making in Seoul and Tokyo, and now indeed in Washington. This, rather than the spurious calculations of growth accountants, sets the backdrop against which much-needed new policy initiatives can be formulated. Richard Kozul-Wright and Jozef M van Brabant, Department of Economic and

United Nations, New York

should be heeded

From Mr David A Turnbuil.

Sir, In response to your recent articles, "One more talking shop" (Observer, March 2), and "Ten-Point plan for credibility" (March 3) may I make the following comments. First, the cynicism of Observer's comment, "hands up anyone who hasn't vet formed a pro manufacturing industry lobby group?" is not becoming of your newspaper. This article actually refers to three "pro manufacturing lobby groups". Considering the dire state of the economy and

24 CH .

tence of such groups is hardly surprising.
Politicians and the government should pay more atten-tion to the "call to arms" of dedicated, committed and active manufacturers, which have so far managed to escape the effect of ineffective and inept policies promoted by

in particular the manufactur-

ing sector therein and the gov-

ernment's apparent lack of

belief, interest or support, exis-

their political leaders. Second, I admire the 10-point plan set out by Dr John Pen-dlebury and David Shipley as it concurs almost exactly with what we in the UK Industrial Group brought to the notice of the public in October 1992 to an extremely positive press response, including your own

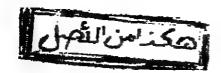
May I draw your attention once again to the UK Industrial Group which is now taking action on eight of this article's 10 points. Further liaison and long-term planning is needed on the points concerning the education system. May we therefore ask the government to back its sudden

and vociferous interest in manufacturing by communicating with these committed groups. In particular, government should be taking note of the comments of these groups to effect a long-term industrial based economic strategy for the ultimate good of the UK and its people. David A Turnbull, director general, The UK Industrial Group, 7th floor. Victoria House Victoria Road,

Aldershot

Hampshire GU11 1JJ

imes," he says.



FINANCIAL TIMES

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Major must persevere

so it will lose its influence in Europe and probably Mr John Major's Conservative government as well. That is why it is highly likely - nothing is certain - that the necessary legislation will be passed during the next six months. The defeat of the government on a minor amendment on Monday night demonstrated that the Conservative party is divided, and that the prime minister is ruling from a position of parliamentary weakness. But that is merely to confirm what was already well-known. It does not mean that the bill will be thrown out.

Nor should it be. The treaty, which is not perfect, is the prod-uct of long negotiations during which a number of important concessions were made to British sensibilities. The debate about the degree to which the Maastricht agreement represents a step towards a European federal state is sterile; the fact is that British husiness believes it has a chance of prospering within the wider European economy, while it would be hard-pressed to thrive if it is obliged to compete alone in the deep blue sea. Even those who are unwilling to concede the merits of Maastricht as a logical development of the single market should accept that for the UK it represents the minimum price of admission to European deliberations.

Most members of the House of Commons understand this. The three national parties fought the election last April on manifestos. that indicated support for Britain's developing membership of the European Community. Each one has its contingent of Europhobes, but the prevailing view among Conservative, Labour and Liberal Democrat MPs alike is that the Maastricht treaty must be

Mr Mejor should do all he can to ensure that the voice of this majority prevails as soon as possi-

BRITAIN WILL ratify the ble. The delays caused by the tac-Maastricht treaty. If it fails to do tics of the bills' various critics and opponents are getting in the way of other business. If the process is dragged on through the summer Britain's commitment to honouring its signature may begin to be questioned by Community part-

ners and potential investors.

The blame for delay should not be shouldered by the prime minister alone, although the govern-ment's tactics have been less than brilliant Labour and the Liberal Democrats, both ostensibly committed to ratification, have become shameless opportunists. The leader of the Liberal Democrats, Mr Paddy Ashdown, wants his party to be noticed; the Labour leader, Mr John Smith, needs to maintain unity in his own ranks by being seen to attack the gov-ernment whenever possible. The votes of both these "pro-European" parties were cynically com-bined with those of the anti-Euro-

There is not much that Mr Major can do to end the rebels' filibuster, or even to avoid defeat on Britain's opt-out from the social chapter. He cannot agree with Labour that Britain should opt in to the social chapter. That would be unacceptable to a majority of Conservatives. He cannot agree to the rebels' demand for a referendum before the treaty is ratified; that would make a nonsense of his own previous statements, and might even fail to pass

pean Tory rebels on Monday.

through the House. He could, however, promise a referendum before Britain opts in to a European single currency, if a future government chooses to do so. That would not prevent ratification now. It may allay the fears of at least a few Eurosceptics. Such an offer should only be considered as a last resort. Meanwhile Mr Major must persevere, and take his knocks as the bill is fought according to Britain's quaint rules of parliamentary pro-

have complained about discrimi-nation against them in the US.

Whonever the US Federal Commu-

nications Commission has

their aim has been to gain acces

to protect their home turf.

to each others' markets or simply

BT's licence application offers a

chance to break the logiam. This will not be achieved, however, if

the authorities in both countries

continue to listen to producer lob-

bies instead of focusing on the

wider economic benefits of com-

petitive markets. Politicians also

peed to take an active interest.

rather than leaving the matter in

the hands of middle-ranking offi-

cials. Mr Michael Heseltine, the

UK's secretary of state for trade

and industry, should reopen talks

as soon as a new head of the FCC

tional licences in the UK.

UK calling US

BRITISH Telecommunications' application this week for a licence to operate an international service out of the US provides a goldenopportunity to sweep away restric-tive practices which keep the cost of transatiantic calls artificially high. The price of calls between minute - could fall by more than half if there were a competitive market, analysts say. Since there are about 1.5bn minutes of telephone traffic between the two countries each year, the prize of cheaper calls is well worth having. To win this prize, the US and UK will need to take bold action to

all to arms

10000

ould be

eded.

open up their markets. It will not be easy, given that two years of talks aimed at achieving precisely this have made little progress. The snag is that, though both governments want a reciprocal opening of markets, their phone companies have provided them

with multiple excuses for keeping their markets shut. Whenever the UK's Department of Trade and Industry has suggested opening route to more competition, BT and other British phone companies

Insuring exports

BUSINESS HAS welcomed Mr John Major's recent public espousal of the role of exports in his strategy for economy recovery. But some industrialists argue that they are paying a price for the recent privatisation of the part of the Export Credits Guarantee Department that handles short-term export credit insurance. They are wrong on the privatisation, which has been a success. Where they have a legitimate complaint, however, is over the lack of government arrangements for reinsurance against political risks after 1994.

Exporters are getting better service from NCM - the Dutch credit insurer which acquired the ECGD's short-term business than could have been delivered by a government department. They can, for example, take out a single credit package for both domestic and international business, where before they needed to take out two. Furthermore, in a market in which NCM is often competing with four other companies for an insurance contract, many export-

ers have seen premium rates fall.
Meanwhile, the government no longer needs to worry about the bill for insurance of commercial risks, which are firmly in the private sector, where they belong. On reinsurance, however, the government may have gone too far. It must reconsider its decision to make private sector reinsurers assume full responsibility for coverage of political risks associated

with wars or political upheavals. Reinsurers like Munich Re and Swiss Re insist that the private in Italy?

sector does not have the capacity to cope with such political risks, even within the EC. They argue that commercial insurers could never cope with the concentration of risks involved, while the potential effects of the current Italian political crisis on sales to stateowned companies demonstrate that those risks are not confined to developing countries.

As part of the original privatisation, NCM won the government's agreement to offer reinsurance for political risks for a three-year period to the end of 1994. But it is concerned that business is being affected by uncertainty beyond

The government should acknowledge that wholesale privatisation of reinsurance may be an over-ambitious short-term aim. It should prolong the transitional reinsurance arrangements, not only for NCM, but for competitors like Trade Indemnity as well. By setting clear limits to government exposure, however, and ensuring the risk of reinsurance is shared by the private sector, the government could also limit the costs to itself and help foster a private market substantial enough to handle all risks.

The longer-term goal must be the elimination of reinsurance by governments of developed countries against political risks created by one another. Such competition is particularly absurd within the EC. New York does not insure its firms against political risk in California. Why should the UK insure its exporters against political risks

special Congress of People's Deputies will convene today in Moscow, the latest in a series which has loomed over Russian political life over the past year. Like vast clouds, they roll in from the horizon, preceded by prophecies that this time the deluge they carry will swamp President Boris Yeltsin and his govern-

As Timothy Colton, head of Harvard's Research Centre, says in a recent book*, prediction "is about as easy as judging a symphony by its opening bars: the ear picks out isolated chords and notes, melody and rhythm elude it". Using this metaphor, we can say that the Russian symphony becomes more and more discordant, and no one is playing together.

Mr Yeltsin and his government have few options left except to tough it out. Their mood is hard: though whether that hardness has depth, or is simply brittle, will be tested at today's Congress. Mr Yelt-sin has threatened unspecific action of an authoritarian kind in order to inspire fear: if Congress calls his bluff, he either has to act decisively or make yet another messy com-promise, which will deepen and proong the crisis.

The parliament, both Congress and the Supreme Soviet, are increasingly opposed to the president and government. As Galina Starovoitova, the former presiden-tial adviser, said recently. "We are in the anomalous position of having the parliamentary majority in the opposition." The centrists no longer think Mr Yeltsin recognises their concerns and can answer them: Mr Alexander Vladislavlev, deputy head of the Union of Industrialists and leader of the "Renewal" party, said yesterday: "Yeltsin is not really interested in consensus and compromise. And if he does the kind of thing he seems to be threatening, then we are back to the politburo and the Bolshevik era."

Among the harder opponents are a substantial proportion who are engaged on quasi - or fully - trea-sonable activities, such as conspiring with military officers to over throw the state authorities. This goes on openly: Communist and nationalist deputies demonstrate together for the resignation of the president to whom the latter have taken an oath of loyalty. They stand on platforms and threaten extraparliamentary action to achieve this end. No move is made against them. Mr Rusian Khasbulatov, the parliamentary speaker who remains in parliamentary terms a moderate, has little room left in which to make yet another of his famous last-ditch compromises. Mr Valery Zorkin, the chairman of the Constitutional Court who devised the last compromise between parliament

Barely afloat on a cruel sea

John Lloyd says that President Yeltsin has few options left as the power struggle in Moscow intensifies



mised his position by siding with Mr Khasbulatov in rejecting a refer-

Those loyal to Mr Yeltsin, like Mr Boris Nemtsov, the governor of the governor of Nizhny Novgorod, amous for his support of pro-mar ket change in his region, say that the anti-presidential forces simply do not have the strength to stop the tide of change. "In so far as they want to centralise power back in Moscow, they cannot do so except with guns. And I don't think they have enough. It has gone too far." Still, in his celebration of the free dom given to (or taken by) him and other regional bosses, he implicitly admits the perceived weekness of the present administration: its inability to stop Russia falling apart. A chorus of domestic and foreign observers now likens Mr Yeltsin to Mr Mikhail Gorbachev in mid-1991, floundering helplessly

fore a disintegrating state. And the people? The clamour that "things were better before" grows ever louder. En route back from

Nizhny, three separate strangers took time and trouble to stress how much they hated what was happening in their country: one, an Aeroflot flight attendant, said she knew that the lemonade she was serving was terrible - "but it was better before. And now so expensive! If the quality was better it wouldn't be so bad". Even in the privatised shops in Nizhny, the pride of Russia's reformers, there was grumbling about the political instability (in the town) which made them unsure that they would be allowed to transform themselves from payers of rent to real owners. A Moscow paper at the end of last

week asked the citizens of Verdlovsk (now Ekaterinburg) - Mr Yeltsin's old home town and former base as first secretary - how they felt about their favourite son. Sour, most of them. The tenants of his old flat were just putting up a solid steel front door for protection and the neighbour was hanging out pictures of Stalin to commemorate the 40th anniversary of his death last

All the polls show Mr Yeltsin's popularity down, support for some kind of "firm grip" ever increasing. "I fear the Russian mass, aroused and pitiless," said Mr Yeltsin last December, quoting Pushkin. Everyone fears that now; and they fear each other. The nation is teetering, its leaders struggling over the tiller as the storm breaks. The best of them, in and out of government, can hardly keep reform's momentum going.
Mr Yeltsin's options are stark: he

either makes a compromise with the parliament, or he decides to break with it. He has signalled a willingness to do both, keeping

them guessing, alarming them with talk of decisive measures, soothing again with suggestions of compromises. He may not yet know himself

The compromise route could entail dropping the idea of a referendum with, possibly, acceptance of a defined date for parliamentary and presidential elections. If this were the route, both constitutional and economic change would be further stymied. Mr Yeltsin could hardly allow his government to inflict the pain of real "shock therapy" on a people whose vote he would soon be canvassing; parliament, under the present constitution, can obstruct any attempt to adopt a new constitution because it can block every legal step to

aving passed up the chance to reform a Soviet-era parliament and constitution while he retained the momentum and popularity to do so year and a half ago, President Yeltsin is now enmeshed in the closed circles which the constitution prescribes. Mr Khasbulatov, the speaker, says only a parliamentary system can safeguard Russia's new-won freedom: Mr Yeltsin says that only an authoritative presidency can drive through reform and, by doing so, safeguard democracy. Behind the undoubted importance of the rival conceptions lies a naked power struggle. Compromise is only a pause between rounds.

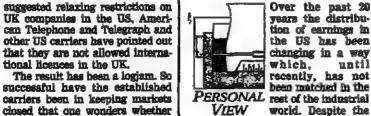
never an agreement in principle. But to break out of this would be fraught with risk. General Pavel Grachev, the defence minister, may have allowed it to be reported that the army wants "decisive measures". But he has been as contradictory as Mr Yeltsin, and must fear that, if he comes out in full support of the president, he may this time back the wrong horse (General Grachev got his job by choosing to back Mr Yeltsin against the coup leaders in August 1991).

The bottom line of presidential rule, or the declaration of a state of emergency, is an army willing to shoot its own people: an army will-ing to do that must either be desperate, and/or believe that the power in whose name it is doing the shooting will survive to give it political exculpation in the longer term.

Mr Yeltsin, unfortunately, is now seen as possibly being a short-term president – by both foreign and domestic observers. He needs to show he is in charge, and decisively in charge, in order to dispel that view. Yet to do so he risks everything. Today's Congress is - yet again - a critical moment for Russia, and for the world. * After the Soviet Union, ed Timothu

Colton and Robert Levgold (W W

Why US locomotive should decouple



Over the past 20 years the distribution of earnings in half which, until recently, has not been matched in the

VIEW world. Despite the fact that the real American per capita gross national product has been rising (up almost 30 per cent from 1973 to 1992), real earnings have been falling for much of the workforce. While about 20 per cent of the male workforce has been on a rapidly rising up escalator, another 20 per cent has been on a level moving sidewalk, and the remaining 60 per cent has been on a

down escalator. Two factors lie behind these statistics. Technology seems to be demanding a much more skilled workforce. Wages have been rising for the skilled and falling for the unskilled. As the US is much more open to manufactured imports from low-wage third-world countries than either Europe or Japan, what economists know as "factor price those with third-world skills will they are living in first-world coundown wages of the unskilled. To some extent America's work-

ing wives have come to the rescue. By working an increasing number of hours per year they have suc-ceeded in holding the real family incomes of the bottom 60 per cent of the population approximately constant, even though male wages have been falling. The average American family rightly sees itself working much harder yet making no economic progress. Even more frightening, most of these families now have little unused female work effort that they can throw into the economic fray. Wives are already working close to full-time. Nothing but economic decline looms ahead. Not surprisingly, voting studies reveal that those on the up escalator voted overwhelmingly for President George Bush while those on the down escalator voted over-whelmingly for President Bill Clinton. To have any chance of delivering on his promise to stop the down

equalisation" (in a global economy escalator, Clinton needs to offer a to occur, it would essentially drown but to take direct action to stop the number of things, such as greater make third-world incomes even if investment in skills. And a 4 to 4.5 per cent rate of growth is an absogrowing job opportunities and ris-ing real wages for the 80 per cent male workforce that did not participate in the economic gains of the

1970s and 1980s. But suppose he were to succeed

If this surge of imports were to occur, it would drown **President Clinton's** economic recovery

and the 4.8 per cent growth rate of the fourth quarter of 1992 were to be sustained. President Clinton would immediately have a trade problem. The US starts with a large trade deficit (rapidly rising toward \$100bn) and could expect a huge surge of imports if it were to succeed in growing much faster than the rest of the industrial world.

ery. If one looks at the relationship between output and employment in \$45bn in extra manufactured imports essentially costs the American economy im jobs. Mr Clinton cannot afford to lose those jobs. If he does, he will not be able to deliver on his promises to those that elected him. As a result, the president has no choice but to take whatever actions are necessary to ensure that the US trade deficit

motive for the rest of the world. The rest of the world is now an economic train too large for the US locomotive to pull alone. If the US were to try, its recovery would simply stall. The right answer from the US's, and the world's, perspective is an aggressive co-ordinated fiscal and monetary expansion with the three big economies (Germany, Japan and the US) acting as a joint locomotive. If such co-ordination cannot be arranged quickly, however, Mr Chinton will have no choice

does not worsen. To put it bluntly,

President Clinton cannot let the

American economy become a loco-

US trade deficit from worsening. The clash between the world's

President Clinton's economic recovdesire to hook on to the American need to decouple his locomotive from the rest of the world's economic train will be most acute with respect to Japan, Japan has a \$135bn trade surplus, which is rising at the rate of \$50bn per year. Based upon history, if the US were to grow substantially faster than Japan, Japanese exports to the US could be expected to surge.

The problem is very simple Japan does not know how to engineer an economic recovery without such an export surge; the US will not have a domestic recovery if such a Japanese export surge were to occur.

The immovable object meets the presistible force.

Lester C Thurow

The author is Dean of the Alfred P Sloan School of Management, Mas-sachusetts Institute of Technology

Musical

chairs ■ With simultaneous puffs of white smoke from New York and London

yesterday, two of the world's best known business weeklies change editors. In the US the parents of Barron's, one of Wall Street's more conservative institutions, played safe. By contrast, albeit true to form, the owners of The Economist catapulted yet another young fizzer into the editor's chair.

The contrast between the two new editors couldn't be wider. Barron's James Meagher, now 57, is a career hack who was number two to Alan Abelson, the revered editor for over a decade. The Economist's new chief Bill Emmott is a good 20 years younger, and has what Americans would describe as an Ivy league background.

He was chosen over the magazine's 46-year-old deputy editor, Nicholas Colchester, an old FT hand and fellow Oxford man. They even went to the same college. Magdalen.

The Economist has a tradition of picking young turks as editors. One has to go back over 30 years, to Donald Tyerman, who took over from Geoffrey Crowther, to find an editor who was over 40 when selected for The Economist chair. Given that Tyerman was one of the less successful editors, The Economist's emphasis on youth has paid off to date.

The magazine's circulation has long since surpassed Barron's and is rising. Emmott is a popular choice among his staff. His intellect is not in doubt and his managerial skills have been tested by a stint knocking the Economic Intelligence Unit into shape.

That said, however, there's always a risk in lesp-frogging an older generation. Not least because there is so much farther for The Economist to fall in its 150th year.

Fortifying It often needs a bit of hard work

to understand the thinking behind the various European Community initiatives. But this one has stumped Observer, Hands un anyone who knows why the nocialists furve to vited 48 DC 40-year-olds to Strasbourg tomorrow to celebrate the 40th anniversary of the European Parliament?

Resurgence

■ So who's being tipped for the job of UN's chief political representative for Bosnia once a peace agreement has been concluded? Lord David Owen, that's

Though many obstacles still stand in the way of a settlement, the nitty gritty of implementing an agreement is already being discussed in private by members of the UN Security Council,

OBSERVER

But if this surge of imports were



exciting, isn't it?"

It is already clear that secretary-general Boutros Boutros Ghali will have to appoint not just greatly enlarged international force required to operate the military provisions of the hoped-for settlement, but a political representative to boot.

After his impressive performance as one of the two co-chairmen of the Bosnian peace conference, Owen is virtually certain of winning the support of the **European Community and Russia** for the new political appointment. The French, in particular, have been impressed by his combative style, not least the manner in which he has countered US criticisms of the peace plan he drew up with Cyrus Vance. In short, the lost eader has returned to the fore.

Honey-tongued ■ So John Birt claims that he saved

only £810 in tax by being paid his BBC salary through a private company. The great man has clearly never heard the story of the Victorian parlour-maid. When tackled over the arrival of an illegitimate child, she replied, "it's only a little one, ma'am". Birt, unlike the parlour maid, had the benefit of a report from

accountants Ernst & Young to quantify the mischief. But despite this impressive imprimatur, we suspect that Birt's mission to explain has been about as successful as the early day attempt to shrink the kid.

Low turnout

■ Could this be a political first? A political opinion polister who has nothing to say.

Elaine Winter, editor of the NOP Political Social Economic Review, part of Lord Hollick's MAI stable, has suspended publication of its bi-monthly review. "This is largely a result of the fact that since the general election there has been a hiatus in the political polling that we normally do due to lack of interest," she says in a sad letter

"People were so fed up with it after the election that they are not commissioning polls. If anyone needs voting intention data they can phone us up and ask if we have it, but we are doing more social than political work these days," says Winter. She promises customers their money back and says publication will resume as soon as "we have enough material". Maybe if Maastricht's upsets continue, Winter's discontent could turn into glorious summer earlier than she thinks.

Marble halls ■ True, the English could not be

to subscribers.

expected to go as far as the Irish, who are re-opening the disused public toilets near Dublin's Trinity College as an exhibition hall for two sculpted bronze urinals - one in the shape of Britain and the other of Ireland. But surely there's a case for granting public access to top people's toilets tantamount to works of art in their own right.

There are several examples in the City of London alone. Word has it that the Bank of England harbours some sumptuous sanctums, especially for upper rankers. Moreover, the Midland Bank chairman's chamber is decked out with shoe-shine apparatus. three hairbrushes, comb, clothes brush, nail scissors and nail file. Nominations for others deserving

tourist-attraction status welcomed.

FINANCIAL TIMES

Wednesday March 10 1993



German union to act despite bankruptcy of former state-owned plants

IG Metall calls a strike in east

IG METALL, the German engineering workers' union, yesterday decided to go ahead with strikes in east Germany in pro-test at the cancellation of their wage contract by eastern employ-

The union's national advisory council made its decision in spite of the fact that most of the former state-owned plants in east Germany are effectively bankrupt, Moreover, 80 per cent of the trade union's eastern members are already unemployed.

Mr Franz Steinkühler, the union leader, said token strikes would be called from April 1, and a ballot for a full strike was being

The workers are demanding

Gold worth

\$8m seized

at office of

Kanemaru

A TEAM of investigators yester-day seized 100kg of gold bars

from the Tokyo office of Mr Shin

Nagatcho, close to the parliament

that he used some of the political

funds he collected for his per-

sonal purposes. He and his pri-

vate secretary were arrested on

Saturday over alleged tax evasion between 1987 and 1989 which

could amount to more than

Mr Kanemaru resigned from

parliament last October after being fined Y200.000 following his

admission that he received an

illegal Y500m political donation

from Tokyo Sagawa Kyubin. a

scandal-tainted trucking com-

During the late 1980s Mr Kane-

maru established himself as the

most powerful figure within the then Takeshita faction, which dominated the ruling LDP,

through his legendary ability to

raise money.
There are various estimates of Mr Kanemaru's liquid assets,

largely held in forms which do not need to be registered with the

However it is estimated that in

addition to the Y1bn in gold bars, he also held between Y2.8bn and

Y5bn in discount bank bonds.

NHK, the broadcasting corpora-tion, reported that Mr Kanema-

ru's undisclosed assets are thought to be worth Y7bn.

Discount bonds, which Mr

Kanemaru started to buy in 1984, can be purchased anonymously. Opposition party leaders alleged that Mr Kanemaru's decision to

keep such large sums in unregis-tered bonds and gold bars was evidence that he was trying to

avoid paying tax.

Mr Kanemaru and his secre-

tary are due to be charged by

Saturday and could remain in

By Charles Leadbeater

that their wage contract, which provides for a 26 per cent pay rise on April 1, and the full equalisation of eastern wages with those of west German engineering workers from 1994, be maintained.

Mr Steinkühler, who has been a key negotiator with chancellor Helmut Kohl in the national negotiations on a "solidarity pact" to help finance the recovery of east Germany, rejected an offer of top-level talks with the employers in the Gesamtmetall

"Now is not the time for talking, it is the time for paying." he said at the union headquarters in Frankfurt yesterday. He rejected the "horror stories" of the employers of looming bankruptcy, and insisted that the eastern plants could afford the pay rise. State-by-state negotiations with the employers on new con-Länder collapsed last month, and official arbitration failed to break

The employers are offering a wage rise of no more than 9 per cent on April 1, to compensate for inflation. They are also seeking an extension of the wage equalisation process over several years, to allow the eastern enter-prises time to become competi-

They maintain that productlyity in east German manufacturing industry is 70 per cent below that in west Germany, whereas engineering wages already stand at 70 per cent of those in the west, and would rise to 82 per

cent if the full wage rise was paid. Mr Dieter Kirchner, director of Gesamtmetall, said the contracts was an essential step to free companies under the direct threat of closure from the excessive wage burden.
IG Metall, the largest and most

influential trade union in Germany, says the employers are seeking to break the wage contract system in the east to under mine collective bargaining in west Germany as well.

Local officials in the east

admit, however, that it may prove difficult to persuade members to go on strike, if they fear their companies will close.

Krupp closure protest, Page 3 Economy shrinks, Page 3

'Introverted' drugs industry urged to regain public trust

By Paul Abrahams in London

MR HENRY WENDT, chairman of SmithKline Beecham, the Anglo-American drugs company, vesterday called for a new social contract between the pharmaceu-Heal industry and society.

His comments were seen as a response to recent criticism from US president Bill Clinton who said he had been shocked by the cost of medicines and the amount that drugs groups spent on marketing and advertising.

in what was widely perceived as a peace move, he told the FT pharmaceuticals conference in London: "We must show President Clinton and his first lady the economic benefits of using pharmaceuticals. We must show our customers - those that pay for drugs - that they are good

"We need acts, not words. Part of that involves keeping down prices," he said.

The industry had reacted too slowly to concerns about pricing by relying on national trade asso-ciations, Mr Wendt said. These found it easiest to defend the status quo. Senior executives had not shown sufficient leadership. "We are at the 11th hour and the The US administration is

expected to announce its health-care reforms on May 1. Mrs Hil-lary Clinton, the first lady, heads the White House healthcare reform task force. Mr Wendt admitted that com-

pany promises to limit average increases in drug prices to the inflation rate had been ambigu-ous. Some medicine prices had risen more than inflation, even if a group's average price had not

have to look at their cost base, said Mr Wendt. SmithKline Beecham was looking at every aspect of its business. "There are no sacred cows. He called on the industry to improve a tarnished image that

made it an easy target for politicians with hardly a murmur from the public. The industry had to regain society's trust. This is an introverted industry. The sector has been dazzled by the glory of its success in the financial markets and our introversion has taken on a character

"Our industry now ranks close to the bottom in most opinion surveys in terms of perceived social responsibility and contribution to the common good.

"We can no longer afford these losses in public esteem. In terms

of public trust, we are running out of credit," he said.

"We must exclude less than honourable behaviour. Medical conferences should no longer be in the world's most exotic watering spots and there should be an end to financial inducements to doctors," he said. He called for a new rigorous marketing code that could stamp out abuses on a worldwide basis.

To prove the cost-benefit of drugs, he called on the industry to launch international cost-effectiveness trials run by third parties. He said the sector should also provide grants to universi-ties to strengthen the study of

THE LEX COLUMN

Chemical reactions

European chemicals companies are clearly reluctant to follow ICI's example by maintaining dividends through the downturn. With the exception of Akzo, all are some way behind in the process of rationalisation. Without a rights issue to support, the likes of BASF and Hoechst have little incentive to pay out more than they can afford at this uncertain stage in the chemicals cycle. That makes it difficult to interpret BASF's decision to shave only DM2 from last year's DM12 dividend.

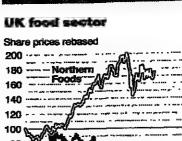
Judging by the 5 per cent rise in the shares, the market was braced for something worse. The sketchy fullyear figures released yesterday sug-gest a better fourth quarter than expected. But it is too early to call the turn. In August, BASF was not anticlpating a sustained recovery in petrochemicals until the second half of the decade. DSM, which is equally exposed to bulk chemicals and the sliding German economy, has halved its dividend in view of the bleak outlook.

If BASF has tax or other short-term reasons for maintaining a relatively high payout this time, another cut can not be ruled out. The 6.5 per cent gross yield - a match for the return on German government bonds - would then be an unreliable support. If the company is trying to please investors by smoothing the dividend, though, the shares may have further to rise. BASF has a balance sheet strong enough to stand the strain of such a policy without a rights issue.

Hillsdown Holdings

Hillsdown's annual results might have dissolved the market's worst fears but they also highlight fresh anxleties. The held dividend and the new management's resolve to squeeze higher profits from its £4.4bn of sales will certainly have underpinned the strong recovery in Hillsdown's shares since September. But the yield story is rapidly exhausting itself. Further gains will depend on strong earnings. These, though, are likely to prove highly elusive. Under the new FRS 3 UK accounting standard, Hillsdown recorded losses per share of 0.3p last

Hillsdown is wielding the butcher's knife in its attempt to improve efficiencies. The £92.3m extraordinary reorganisation charge reflects its serious intent to sort out 30 underperforming businesses. The rationalisation of its poultry division shows what can be achieved. Sterling's devaluation will FT-SE Index: 2949.9 (-7.4)



also help by bolstering overseas earnings and restoring Hillsdown's competitiveness against marauding French chickens. But the diversity of Hillsdown's portfolio suggests surgery will be a drawn-out process. An increasing tax charge will further hinder earn-

1990

ings progress this year. The market may also question the long term future of a low margin producer of commodity foods. As yet, the management has scarcely addressed the strategic issue. They are surely right to conclude that without greater predictability of cash flow little else can follow.

BBA

BBA's decision to switch half of its dollar borrowings back into sterling looks like a perverse consequence of accounting conventions. Like others, the company had previously matched its foreign assets against borrowings on the argument that this protected it from exchange rate movements – any fall in sterling would increase the value of foreign assets and debts equally. Low dollar interest rates also kept down borrowing costs, and the practice conveniently transfers profits back to the UK to reduce advance corporation tax problems.

However, sterling's fall produces

strange effects in such groups' consoildated balance sheets. Because their capital is in sterling and much of the debt is in overseas subsidiaries, any fall in the pound raises the level of balance sheet gearing. Yet provided the debt is properly matched against real business interests, and interest cover in local currencies is adequate. the gearing rise is a purely accounting however, does not want to see gearing rise any more as a result of any further fall in sterling. Hence the transfer

Its concern is understandable given the excessive importance attached to gearing. Yet crystallising a foreign exchange loss because conventions struggle to cope with the real world is the accounting tall wagging the opera-tional dog. The Accounting Standards Board might care to look at what is clearly an inadequate method for translating foreign subsidiaries into consolidated sterling accounts.

UK economy

Yesterday's producer price figures make it difficult to avoid the conclusion that inflation looks set to remain low despite the devaluation. Thanks partly to productivity gains, the underlying rate of output price growth was only 2.7 per cent in the year to February. Retail price inflation may thus stay within the government's target range, reducing upward pressure on interest rates as recovery takes

That augurs well for growth which should, in turn, boost government revenues, easing its PSBR problem. But lower than expected inflation has drawbacks in this respect too. Tax revenues are affected quickly; many spending benefits only accrue later. Nor is there much scope for pushing public sector pay increases below the government's existing 1.5 per cent target. Success on the inflation front will force the government to work extra hard to contain its deficit. But it does, at least, provide cover for measures such as the non-indexation of tax allowances, clawback of spending increases and extending the reach of

Stated's dis

Union Discount

Union Discount had little choice but to sell Winterflood, otherwise it would have had insufficient capital to retain its banking licence and continue with its traditional money market business. It may now be able to turn its fortunes round. But it will have to make its capital sweat to produce a decent return, and it is difficult for such a grandiose name to accept the status of mere niche player. One must hope Union does not become over ambitious. That would be doubly disconcerting after the careless way it lost money on September 16.

European frustration at UK delays on Maastricht treatv

By Raiph Alkina in London

BRUSSELS reacted with a mixture of frustration and resignation yesterday to the parlia-mentary defeat suffered by Mr John Major in his efforts to ratify the Maastricht treaty on European union.

Some EC diplomats openly speculated about Mr Major's ability to deliver ratification despite efforts by the UK government to tion as quickly as possible.

over the latest delay and suggested it signalled a loss of authority on the part of the UK prime minister. But in London Mr Major insisted: "The treaty is in the national interest and we

Downing Street shrugged off as "trivial" the 22-vote defeat, on the opposition Labour party's amendment on the European Committee of the Regions, but it indicated that government hopes of completing Maastricht's parlia-

British Telecom, the UK's largest

privatised operator, wants the Commission to use special legis-

lative powers to break open the

market immediately. Deutsche Telekom, the state-owned Ger-

man group, favours introducing

competition on all long-distance

calls, domestic and international.

but says a formal decision should

not be taken until the end of 1998, by which time it would have completed a DM60bn (\$36bn)

programme of infrastructure

investment in eastern Germany.

The Commission has already pushed through directives

Continued from Page 1

mentary stages this summer are receding. Ratification is expected before the end of the parliamentary session in autumn, officials

munity; we're in limbo."

But, at the same time, diplomats from large member states played down the significance of what one described as "a proce-

Mr Jean-Pierre Cot, chairman of the Socialist group, said he was worried about Mr Major's mis-management of the ratification process. "I don't know whether he has control to get Maastricht through. I think we are entitled to know whether he can."

But Mr Cot conceded that he was not an expert on British poli-tics. Like other MEPs gathered in Strasbourg, he appeared baffled by the complex process of treaty ratification in the Commons

ening of Mr Major's government. "But at the end of the day, we want the UK to ratify the Maastricht treaty".

In London Mr Major warned
Euro-sceptic Tory and Labour
MPs that delays to Maastricht's

Commons vote showed the weak-

ratification will cost jobs as the government's defeat on Monday provoked angry recriminations within Conservative ranks.

The next twists in the Maas-

tricht debate are likely to centre on amendments tabled by Labour on economic and monetary union due for debate next week and then on Maastricht's social chapter, described by Sir Marcus Fox, chairman of the Tory's rank-and-file 1922 committee, as the "crunch" point.

Labour is pledged not to back "wrecking amendments" that could stop ratification. But there is a grey area over its social chapter amendments which, if passed, would require the government to insert the chapter into the treaty.

Editorial Comment, Page 13

Kanemaru, until last year a pow-erful figure in the Liberal Demo-cratic party and the "godfather" of Japanese politics. of Japanese pouries. The Tokyo prosecutor's office, which is investigating Mr Kanegold bars worth about Y1bn (\$8.26m) in the office in Democratic Left leader, said the

and David Gardner and Lionel

in central Tokyo.

As gold can be bought anonymously, it is alleged that Mr Kanemaru accumulated his holdings to avoid paying income tax.

Mr Kanemaru faces allegations

reassure European partners that it will press ahead with ratifica-MEPs also expressed dismay

will pursue it."

In Brussels, one diplomat described Mr Major's latest set-back as creating "frustration bor-dering on exasperation", adding: "This is throwing a spanner in the workings of the whole Com-

dural hiccup". In the European Parliament,

Mr Luigi Colajanni, Italian

alised data and information ser-

vices, which account for about 10

per cent of the EC market. But hardliners within the Commis-

sion have always criticised the

inflated cost of international and

intra-EC calls, which they say

hampers the competitiveness of EC companies.

If the Commission does decide

to push for open competition, it will be evidence that the EC's

executive has begun to recover its dented self-confidence. Last summer, the Commission twice

delayed approval of a document

outlining the liberalisation

options to avoid annoying France before the referendum on the

Maastricht treaty.

Competition in EC telecoms

Russian reforms in jeopardy

Continued from Page 1

"including considering personnel changes in the cabinet" but it could not move beyond a fundamental commitment to bring down inflation and the budget deficit, and retain good relations with the west.

The indications yesterday were that Mr Yeltsin would not win

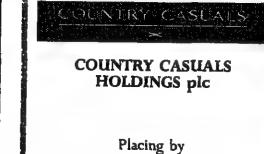
acceptance of these proposals, already turned down by the smaller Supreme Soviet - nor that Congress would approve the four questions he wants on the ballot paper in the referendum he wishes to hold on April 11.

REALISING AMBITIONS THROUGH FLOTATIONS

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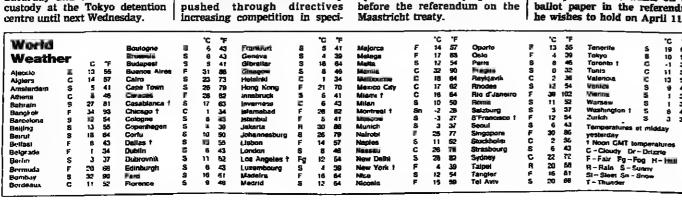
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INSIDE

GE to give more cash to Hungarian venture

Tungsram, the Hungarian light bulb group in which General Electric of the US has a 75 per cent stake, plunged to a Fi9bn (\$104m) loss in 1992 and will remain unprofitable this year. Meanwhile, PepsiCo, the US food and drink group, has acquired FAO, a leading Hungarian soft drink company, and said it would invest \$115m in the group over the next five years. \$115m in the group over the next five years.

Redundancy for KIO executives The Kuwait Investment Office, the International investment arm of the gulf state, has made redundant the four executives who have run its \$2bn US property operations for the past decade. Mr Ali-Rashid al-Bader, chairman, said the four had been made redundant in a

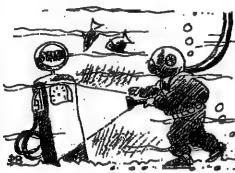
"cost-cutting programme". Page 16 Brazil shrugs off politics

Boyespa Index in \$ some trebuneds

Brazil's stock markets have seemed immune to the political and economic instability surrounding them. From December to February, the Bovespa index gained 207 per cent, compared with inflation of 99 per cent for the period. Foreign inves-Dec Jee Feb Her tors are tempted, but playing it safe. Mr Robert Barciay, president of

Baring Securities Brasil, said: "They are waiting for a clear sign that economic reform is 'moving forward. Yet they are all terrified of missing out." Back Page

Statoil's discovery



Norway has announced the largest oil discovery in eight years, in the remote northern region of the Norwegian Sea, Statoli, the Norwegian state oil company, which made the dis-covery, believes it could be bigger than the find recently made by British Petroleum which is estimated to contain 250m to 600m barrels of

Heinz earnings figure revised

H.J. Heinz, the food group, warned that earnings per share in the year to end-April would total about \$2.50. Analysts, guided by the comrecently. Page 18

Market Statistics

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Kalang -	482	+	7.2	interactivity.	512	+	18
Laboration	712	÷	36	Orsan	119	+	183
Falls .		•		Par Restcompts	311	+	13
Asko	636	_	50		911	•	-
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Salemay	13%	+	178	MEC	767		
Wells Farge	108%	+	2%	Nikides Kyada	457	+	68
Fella	100.0	•		Serge Secs	383	+	48
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DITHE STNANGAL TIMES LIMITED 1991

THE GERMAN chemicals industry is expected shortly to announce further costcutting measures after BASF and Hoechst yesterday announced sharp falls in 1992 profits and dividends.

BASF, the weakest of the big three, cut its dividend by DM2 to DM10 compared with the DM3 or DM4 reduction widely

The news gave all chemicals stocks and the DAX index of 30 leading shares an immediate boost. The index closed up more than 18 points at a new high for the

year of 1.713.13. BASF stocks, which gained DM9 as soon as the news was released, ended even higher at DM240.10,

payout and a 17 per cent drop in earnings were revealed after the markets

DM1.24nn (\$740m) on sales down 4.5 per cent at DM44.5bn. Earnings at Hoechst were 17.7 per cent lower at DM2.1bn, while sales fell 2.8 per cent to DM45.9bn.

reduced their dividends by less than expected after profits fell by around 20 per cent in 1991. At the time this was inter-

Early estimates of the outlook for the current year and details of further rationalisation plans will be given at the groups' annual press conferences next week. Dividend and earnings details at Bayer, the last of the big three, will be published after its supervisory board meets tomor-

Average prices for chemicals fell almost

analysts noted that both groups had 2 per cent last year and stood 8.5 per cent below those of 1965, according to the chemicals industry association. Prices for organic chemicals and plastics slumped almost 8 per cent.

Confidence in the pharmaceuticals business, which usually avoids the worst effects of cyclical downturns, has slumped lately because of the introduction of price cuts, controls and prescription limits imposed from Bonn. According to early figures, drugs sales have fallen by between 30 per cent and 40 per cent in the first two months of this year.

Lex, Page 14

Renault truck arm falls into the red

RENAULT Véhicules Industriels, the French truckmaker, yesterday announced a FFr1.62bn (\$287m) net loss for 1992. Turnover fell by 8 per cent with a 38 per cent drop in European sales in the second half.

Mr Jean-Pierre Capron, RVI president, said he hoped that balance might be restored in the second half of this year.

But as a measure of the depth of the recession into which the European truck market had now fallen, he said RVI's sales for both the last six months of 1992 and the first six months of this year would only total what the company had sold in the first half of 1990 alone,

The only bright spot was the relative success of the US subsid-iary, Mack Trucks, in reducing its operating loss from \$195m in

the goal, in a recovering market, of returning to profit in 1994, Mr Capron said.

worth of provisions to cover restructuring.
This will cut its French workforce by a further 1,348 jobs this year after 1,008 job losses in 1992

and a decision to end vehicle

Last year, RVI held its fourth position among European truck makers, but its share fell from 10.5 per cent in 1991 to 9.2 per

average decline in the French and Spanish markets where Renault is particularly strong, and the fact that the French truckmaker is still trying to expand in Germany, whose post-unification market last year accounted for 40

"We have adjusted our production to a demand that almost vanished in the second half last year," Mr Capron said.

dwindled to a level we had never experienced in the past and that generated considerably higher

The coach and bus market declined much less than the more cyclical truck market, but French defence cuts reduced Renault's military turnover by 40 per cent.

Cuts in German chemicals sector expected

By Christopher Parkes in Frankfari

up DMIL6. A DM3 cut to DM9 in the Hoechst

According to yesterday's figures, pre-tax profits at BASF slumped 41 per cent to

In spite of the early market reactions,

preted as a sign that worse was yet to

Agency shows underlying profit



Robert Louis-Dreyfus (left) with Charles Scott yesterday

Saatchi writes off £600m of goodwill

Marketing Correspondent

SAATCHI AND SAATCHI, the world's second largest interna-tional advertising group, yester-day wrote off £800m (\$852m) of goodwill associated with US acquisitions made when it was expanding in the 1980s. However, excluding the write-

offs, the underlying position of the group for 1992 showed a pre-tax profit of £18.9m, against 1991's losses of £47.2m. The figures were compiled under FRS 3, the new UK accounting standard. Group revenues grew by 1 per cent last year to £748m. Trading profits were up 67 per cent at £34.2m, with operating margins

ip from 2.8 per cent to 4.6 per cent. Mr Charles Scott, who takes over as chief executive from Mr Robert Louis-Dreyfus in April, said he expected operating

Mr Scott said 14 companies within the group incurred losses in 1992, in Japan, Sweden, Ching and the UK, but their combined losses had been reduced from

£14m to £7m. Losses of £13.4m on disposals were reported. Net debt at the year-end was £194m. up from £181m. Losses per share were 387.2p, against a restated 58.6p. Excluding the write-offs and losses on disposals, earnings per share were 0.2p (against losses of 15.4p for 1991).

No dividend will be paid. The write-offs - which do not affect the group's cash position particularly relate to the Ted Bates agency, bought for £450m in 1988. Mr Scott said that £238m of goodwill remained on the books associated with the 1980s acquisitions.

Mr Scott said the group had reduced the number of staff on annual salaries of £150,000 and above from 300 to 250.

Mr Scott denied that British Airways - one of the group's most important global accounts - was considering swapping agencies. Some big US clients had chosen to spend relatively more of their marketing budgets on sales promotions than brand advertising.

Analysis are forecasting 1998 pre-tax profits of £24m.

By David Buchen in Paris

1991 to \$145m last year.
The US company had been set

The group's FFr1.62bn net loss follows a FFr23m net profit in 1991, and includes FFr612m

assembly in the UK. Mr Shemaya Levy, director of RVTs European operations, said that from its 1989 peak of 311,000 truck sales, the European truck market would fall from 260,000 last year to 220,000 this year.

This resulted from the above-

per cent of all sales in Europe.

"As a result, our operations

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De Beers allays dividend fears with 29% reduction

By Philip Gawith In Johannesburg

cent up for the day.

DE BEERS, the South African company which dominates the world diamond market, yesterday pleased investors by keeping the cut in its 1992 dividend to 29 per cent after announcing a 35 per cent fall in earnings for the year. Many analysis had predicted a much larger reduction in the payout. The company's shares climbed after the announcement, closing at R68.85 - nearly 4 per

Analysts agreed the size of the dividend cut indicated that De Beers' financial health and the state of the world diamond industry were better than the market

De Beers sparked a furore in August by predicting a dividend cut and announcing a 25 per cent

would buy from producers. These moves appeared to go back on earlier bullish forecasts from De

Mr Julian Ogilvie Thompson, chairman, said the fall in earnings reflected the difficult second half. Attributable profits at De Beers and Centenary, its offshore arm, fell 49 per cent in the second Pre-tax profits on the diamond

from \$801m in 1991 reflecting the impact of the quotas. Net interest income slumped 79 per cent to \$30m from \$141m. This was a function of lower cash balances after the company bought up diamond supplies that bypassed the Central Selling

Organisation (CSO), the De Beers

company that trades 80 per cent

of world rough diamond output.

account fell 20 per cent to \$644m

Mr Ogilvie Thompson estimated that \$500m to \$600m worth of diamonds which bypassed the CSO – both legal and illegal – had come from Angola during the year, of which De Beers had bought about two-thirds.

Attributable earnings fell to \$491m from \$759m, while equity accounted earnings fell to \$757m from \$1.07bm. Rarnings per share, excluding retained earnings of associates, fell 35 per cent to 129 cents. The dividend was cut to 79.1 cents from 112.1 cents.

Fears about the size of diamond stocks held by the CSO appear to have been exaggerated. Although these rose by \$700m in 1992, to \$3.77bn, pushing the ratio of CSO stocks to CSO sales up to 110 per cent from 77 per cent in 1991, this is still some way below the high of 136 per cent in 1982.

Norma Cohen looks at a computer-based method of active stock selection that is crossing the Atlantic

Number-crunchers hope to beat index with 'quant' leap

BUY...

ER, WELL

A FEW ...

MAYBE BUY IN

FACE IT -STOCK ANALYSIS IS

NOT AN EXACT SCIENCE

BRITISH fund managers have long prided themselves on their ability to sniff out an undervalued stock and add it to their portfolio at a

But the poor performance sic "active" fund managers have soured clients who, increasingly, are showing an interest in siternative approaches to stock selec-

In this spirit, a statistics-driven system of stock selection, pio-neered largely in the US, is gaining currency in the UK and international markets. "Active quantitative" stock selection is basically a marriage of the analysis by traditional fund managers and the use of computers which is the basis of quantitive tech-

Known in the US as "black box" technique because of its reliance on computers, UK firms have begun to offer it to pension fund clients. In passive quantita-tive stock selection, the fund manager simply builds a portfolio to mimic a specific stock index, making no judgments on relative merits of stocks. "Active quant" is a more systematic approach to

active portfolio management. "We try to replicate with a computer what a traditional fund manager would do by hand," says Mr Kevin Rowe, partner at Buchanan Partners, an active quant boutique which specialises in the use of equity derivatives. "The difference is risk control."

The idea that risk can be

reduced by selecting stocks after

analysing vast amounts of information about their characteristics is gaining currency in Among the leading providers of active quant fund management are Hill Samuel Asset Manage-ment, State Street, County Nat-West Investment Management, Kleinwort Benson and several boutiques, particularly Pareto Partners, PanAgora Asset Management and Barr-Rosenberg. The growth of active quant in the UK has also been aided by the

arrival of several firms whose sole function is to provide databases to analysts. Among them are California-based Barra Company and a new UK firm, Quan-"I think that 10 years from now we will find that traditional active management has declined significantly and a much more computer-oriented approach will take its place, says Mr Roger irwin, senior partner at actuarial

consultants R Watson and Co.

"The top-quality active quant

products will overtake the top-

Not all consultants are as enthusiastic, Mr Robert Baker,

partner at Mercer Freser, notes

that some traditional active man-

agers score consistently above

quality traditional products.

the active quants. Also, there is a basic scepticism towards a technique that seems to guarantee above average returns.

But those who sell the technique insist its popularity is growing. Mr Alan Greenhorn, formerly director of quantitative

data-based analysis favoured by

fund management at Hill Samuel where he pioneered the firm's product, says that slowly, the technique is gaining credibility in Britain. Hill Samuel manages about \$450m (\$550m) (\$550m) (\$550m) about £450m (\$639m) for 11 pension fund clients, as well as man-aging the core of Cambridge's Emmanuel College trust fund. Mr Greenhorn and his team recently moved to State Street, a division of the US firm which specialises in both passive and

active quantitative fund manage-

ment techniques in the American

held a conference on active quant, maybe three people would have shown up," he says. "Now you would get dozens." hat makes active quant different, he adds, is that vast quantities of data can be studied to help form a clearer picture of a stock's value. "We have spent three years building up a database of UK stocks showing each stock's

exposure to different sectors." The data showed that many stocks are misrepresented by conventional classification systems. For instance, although P&O, the shipping company, is generally classified as a transport stock, Hill Samuel's analysis showed that only 35 per cent of its reveoversees earnings and cashflow as well as macro-economic fac-tors such as interest and exchange-rate risk and short-term price volatility.

Because large quantities of data about each company - and about the market in which it operates - must be analysed in depth, computers are needed. The aim is to isolate those characteristics most likely to occur in underperforming stocks. What they are and how to spot them is

a subject of some debate.

Mr Alan Brown, chief investment officer at PanAgora Fund Managers, says that his stock selection process has isolated roughly a dozen factors which are likely to affect share values, such as price-to-book ratios and dividend yield.

Because the technique is aimed markets. "A few years ago, if you as much at reducing risk as it is at optimising returns, it is not likely to outperform an index by more than one to two percentage points, he says. But in an industry where outperforming an index consistently by even a frac-tion of 1 per cent is considered outstanding, the attractions of active quant are clear.

Mr Rick Lecaille, assistant director at County NatWest Investment Management, which is also offering an active quant product, says: "The data quality has improved dramatically over the past three years, and so has the bechnology."

Our view, is that we take the

same approach as traditional active stock managers. We strip out the key features they use in stock analysis and build those into a computer model. I predict that in a few years, all the traditional managers will be using some form of active quant

 $\mathbb{R}[\mathcal{M}]$

nues come from transport. In looking for risk, Hill Samuel

centration of earnings from difaverage returns using none of the ferent sectors by a company, technique."

examines such factors as the con-

INTERNATIONAL COMPANIES AND FINANCE

with 10.6% increase

By Alice Rawsthorn in Parls

CARREFOUR, one of France's largest retailing groups, yesterday announced that it had overcome its problems in the first half of last year to produce a 10.6 per cent increase in net profits for the full year to FFr1.33bn (\$287m) in 1992 from FFr1.21bn in 1991.

The group which, like other French retailers, has been affected by the sluggish economic environment saw net profits fall in the first half of 1992. The news of the decline triggered the resignation of Mr had orchestrated the company's expansion in the 1980s.

OLIVETTI, Europe's largest

maker of personal computers,

is to become the European

partner in an international

strategic alliance seeking to

exploit the nascent market for

"personal communicators" -

pocket telephones with inbuilt

fax and computing capabilities.

equity stake in EO, a Silicon

Valley start-up company which

is marketing personal commu-nicators in the US. The other

members of the alliance are

AT&T, the US telecommunica-

The company is taking an

difficult trading conditions in the second half of last year. However, it managed to increase sales by 16.7 per cent to FFr117.14bn in 1992 from FFr100.38bn in 1991. Euromarché, the hypermarket group that Carrefour acquired in 1991, made a full-year's contribution to the 1992 figures but contributed for only six months in 1991.

The board proposed raising the dividend for 1992 to FFr35, against FFr32.5 in the previous year. Carrefour benefited from a profit of FFr287m on the sale of its Pyrca subsidiary but also made a special charge of FFr291m for writing off good-

invested about \$10m in EO.

ing a European business part-

ner since late last year when it

announced availability in the

US of its first personal commu-

nicators which combine the

functions of a cellular tele-

phone, facsimile machine and

The device communicates

over digital radio telephone cir-

pen-operated computer.

Mr Jacques Fournier, who succeeded Mr Bon as chairman after the latter's resignation last autumn, has continued to sell off peripheral interests to raise capital for the group which is now investing heavily in new technology and stock control systems.

The French hypermarket sec tor, in which Carrefour is the leading player, has become increasingly competitive following last summer's deal in which Casino took over the Rallye chain and the transaction in December whereby retailing, made its Gallic debut by buying the Catteau group.

Olivetti joins communicator group tions group, Matsushita of cuits which are already avail-Japan, the world's leading conable in the US and will be opersumer electronics company, ational in the UK and Europe and Marubeni, a leading Japalater this year. EO communicanese trading company. Each tors cost between \$1,999 and \$3,299 in the US; UK pricing has not yet been announced The alliance has been seekbut is likely to be about £1,500

(\$2,168) for a basic model. Mr Corrado Passera, Olivetti managing director, said it was a small investment for Olivetti in a market expected to grow explosively. World demand has been estimated at 1m customers next year, growing to 100m by 2000, equivalent to \$20bn in

UK motor parts group up 53%

By John Griffiths in London

BBA, the UK motor components group, reaped the full benefit of cost-saving measures with a 53 per cent increase in pre-tax earnings

BBA's group pre-tax profit of £47.4m (\$67.3m) in the year to December 31, up from £30.9m, was earned after exceptional items and on turnover of £1.32bn, up from 1991's £1.25bn. Profit before tax and exceptionals was 23 per cent higher, at £60.3m against £49m. The final dividend was 5.25p to make an unchanged total of 7.5p. Lex, Page 14

Bid by Spanish bank to

By Tom Burns in Madrid

Hispano, the big Spanish comnationwide subsidiary network to Banque Nationale de Paris has been delayed indefinitely, a spokeswoman for BCH said

Spanish bank's attempts to streamline its business and boost its liquidity following disappointing 1992 results. Fuelling the BCH's discomfort is the fact that Germany's Deutsche Bank, which had expressed interest in Fomento at an earlier stage, last week acquired Banco de Madrid, the subsidiary network owned by Banesto, a rival domestic com-

BCH, posted a 22 per cent

into WestLB influence stepped up

THE Bundeskartellamt, Germany's federal cartel office, has stepped up its investigation into the scope of Westdeutsche Landesbank's influence over Touristik Union International (TUI), Europe's

largest tourist operator.
The Berlin-based cartel iffice has served an order on WestLB and a number of other German companies, seeking clarification of recent changes of Walter Kahn Verwaltungs, a holding company which owns 40.2 per cent of TUL The move is part of the

Bundeskartellamt's longstanding investigation into WestLB's role in the German travel sector. WestLB, state bank for North-Rhine Westphalla, owns a 34 per cent stake in LTU, Germany's larg-est charter-flight operator, and last year bought a majority stake in Thomas Cook, the UKbased travel company.

The authorities are con-cerned that TUI may have come under the de facto man agement control of LTU/ WestLB as a result of changes in the shareholding structure of Walter Kahn. Westl.B already exercises influence on TUI via its majority holding in the Horten retail group, which owns an indirect 25 per cent stake in TUI.

If this were so, there would be competition implications for the German travel market, the Hundeskartellamt believes. Mr Jürgen Kiecker, Kartel-

lamt spokesman, said the information order had been sent to the Südwestdeutsche Landesbank, state bank for Baden-Württemberg and also a shareholder in Walter Kahn. as well as WestLB and TUI.

The move follows the cartel office's decision last December to reopen investigations into WestLB's purchase of its stake in Horten in 1991. This investigation was later blocked by the Berlin courts.

WestLB said yesterday that it neither had control of TUI, nor sought to win it. Its stake in Walter Kahn was only 16.77 per cent, the bank said.

Carrefour beats recession | Cartel probe | Four KIO executives in US to go

THE KUWAIT Investment Office, the international invest-ment arm of the guif state, has made redundant the four executives who have run its \$2bn US property operations for the

Mr Ali-Rashid al-Bader, chairman of one of the world's powerful investors with a port-folio worth around \$20bn, said the four executives, led by Mr Michael Puglisi, had been made redundant in a "cost-cutting programme". The four – who include Mr

Richard Della Pietra, Mr Richard Battista and Mr Luis Pomponio - were executives of Fosterlane Holdings, a KIO-owned US company. Their departure follows Mr Saleh Al-Zouman's appointment in January as chairman of Fosterlane's management company.

Kuwait is one of the 20 biggest investors in US properties. Most of its properties are owned by a network of companies controlled by Fosterlane. It has maintained a veil of

secrecy over its US properties. Tenants often have no idea buildings are owned by the KIO. But it has invested around \$2bn in US properties, often in partnership with Mr Gerald Hines, the US property investor. It controls well-known US buildings, including New York's "Lipstick

Building", at the corner of 53rd street and 3rd Avenue, Chase Manhattan's offices at 350 Park Avenue, 101 California in San Francisco, and the Dallas Galleria. It also owns 40 per cent of the General Motors Building in New York.

The four departing executives are understood to have three-year contracts and will continue to receive their salaries, estimated at more than \$1m a year in aggregate, for

that period. Mr al-Bader said their departure reflected a basic change of approach by the KIO in managing its property portfolio. Rather than expand this portfolio, the KIO would realise investments when it could.

He said that this was part of its new worldwide investment strategy, which aims to convert illiquid investments, such as property, into more liquid holdings, because the costs of the 1991 Gulf war depleted the

KIO's liquid reserves.

An executive with z close knowledge of the KIO said St Martins Property Corporation the KIO's UK property company, was likely to make substantial property disposals. St Martins owns London Bridge City, one of the biggest Thame-

side developments in London. Mr al-Bader added there could also be redundancies at the KIO's London headquarters, although no decision had

Atlas Copco

buys tunnel

boring unit

ATLAS Copco, the Swedish industrial and engineering

group, has strengthened its

position within rock excava-

tion technology by buying Robbins Company of the US, the

world's largest supplier of

hard rock tunnel boring

Trygg-Hansa swings into deficit

By Christopher Brown-Humes in Stockholm

TRYGG-HANSA SPP, the eading Swedish insurance group, swung to a SKr5.2bn \$682m) loss in 1992 from a SKr531m profit a year earlier after suffering more than SKr6bn in losses through its exposure to three bankrupt

Swedish companies.

The group had large holdings in Gota AB (the holding company for Gota Bank) and two collapsed credit insurers, Svenska Kredit and International Credit, which were written down to zero at a total cost of

It also suffered from a nega-

cover a wide-ranging reorgani-

that in spite of the "disappoint-

ing" results it was maintaining

Hillsdown said it was closing

its property trading business

with immediate effect, and had

decided to accelerate the reduc-

tion in its red meat activities.

Lex. Page 14; Details, Page 21

fell 17.5 per cent to £154.im.

the dividend at 8.8p.

further drop in property val-ues. As a result, the company scrapped its dividend after pay ing out SKr4 per share in 1991. The insurance result halved to SKr500m from SKr1.01bn. even though premiums rose 14

per cent to SKr8.53bn. The group blamed its reinsurance operations for the fall, saying the impact of Hurricane Andrew and credit losses caused a reinsurance deficit of "several hundred million krona," compared with a SKr28m profit in 1991.

The group is to cut its reinsurance business by 50 per cent this year, sharply reducing its catastrophe exposure

tive reinsurance result and a but also reducing its activity in a number of European markets and business areas. In 1992 reinsurance premiums totalled SKr2500

"We have made this move because we do not regard reinsurance as a core business and it was becoming too costly to buy retrocession protection said Mr Lars Pihlgren, head of Trygg's reinsurance and

marine operations.

A consolation for the group was the revival in share prices towards the end of the year. which pushed up the group's solvency margin to 134 per cent at the year end from 110 per cent at the eight-month

The acquisition, on undisclosed financial terms, will result in Robbins becoming part of the Atlas Copco Rocktech Division.

Mr Michael Treschow, Atlas Copco president, said the deal emphasised the company's commitment to rock excavation technology and expanded its product range. It also assisted the company's goal of becoming the world's leading company within its specialist arms of business.

Robbins is based in Kent, Washington, and has annual revenues of \$70m. The company played a leading role in the development of tunnel boring machines.

It supplied five of the 11 tunnel boring machines being used in the Channel tunnel project between England and Frunce.

"Atlas Copco brings the capital necessary to accelerate the rate of our technological developments," said Mr Richard Robbins, president and chief executive of Robbins.

sell network delayed

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A BID by Banco Central

vesterday. BCH, however, denied press reports that the French bank had pulled out of protracted negotiations to acquire the 165branch Banco de Fomento in a deal that has been valued at up to Pta47bn (\$396m). "The talks are on standby," the spokes-

drop in net profits last year to Pta52.6bn despite a sharp increase in extraordinary income from disposais.

Hillsdown takes | Freia Marabou records £92m charge increase to NKr534m By Maggie Urry in London

By Karen Foesii in Oslo

HILLSDOWN Holdings, the UK meat processors, yesterday announced a £92.3m (\$131.06m) FREIA Marabou, Scandinavia's leading chocolate, sugar confectionery and snacks extraordinary provision to producer, reported a 4.5 per sation. Group pre-tax profits cent increase in 1992 pre-tax profit to NKr534m (\$75.82m) However, Hillsdown said from NKr512m in 1991, despite weaker sales.

Last autumn, Kraft General Foods International paid \$1.5bn in a friendly takeover of Freia, but approval by the Norwegian authorities is not expected until the beginning of April.

Freia's sales slipped last year to NKr5.38bn from NKr5.40bn

as operating costs dipped to NKr4.62bn from NKr4.63bn. Investments reached a record NKr629m in 1992 against NKr466m in 1991. Group operating profit slipped to NKr520m in 1992

from NKr548m in 1991. Net financial items showed a substantial improvement from a loss of NKr36m in 1991 to a gain of NKr14m last year. Freia attributed the improvement to earnings from sales of shares, currency gains and increased interest income derived from restructuring of the biscuits

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INTERNATIONAL COMPANIES AND FINANCE

GE's Tungsram posts third | Westpac to consecutive annual loss

By Nicholas Denton in Budapest

TUNGSRAM, the Hungarian light bulb group in which General Electric of the US has a 75 per cent stake, plunged to a Ft9bn (\$104m) loss in 1992 and will remain unprofitable this

This is the third consecutive loss for the group, and the biggest in Hungarian corporate history. It represents a 70 per cent increase on the loss for the previous 12 months.

GE acknowledges the need for a further injection of capital on top of the \$350m it has invested in the venture. The injection would cover accumulated losses, provide cash for operations and cut debt. Losses in the past two years total ft14.3bn, using international accounting standards.

obliged to buy out the minority shareholding of Hungarian Credit Bank. The state-owned bank is unhappy with the partnership and needs resources to cope with its own financial difficulties. But the US company said yesterday speculation on a buy-out was premature.

Mr Charles Pieper, chief executive officer of Tungsram and GE Lighting Europe. blamed the deficit on growing borrowings, a write-off of inherited Russian trade debts and restructuring costs.

Tungsram announced a further 900 redundancies out of its shrunken workforce of 10,200. General Electric paid \$150m for an initial 50 per cent of previously state-owned Tungsram in 1990, creating the first sizeable western joint venture in eastern Europe and a sym-

Pepsi has taken an equity

stake in one of the bottlers and

distributors of its products in

four plants is part of the

broader drive by Pepsi to regain market leadership in

Hungary from Coca-Cola and

maintain its position in eastern

Europe ahead of its rival. Pepsi

plans to increase production

capacity and boost output

Haeco profits rise 21% to HK\$387m

The acquisition of FAU's

eastern Europe.

General Electric might be bol for the region's economic opening. Tungsram was regarded as a rare Hungarian industrial jewel, possessing corporate pride and about 6 per it of the western European light bulb market

> Tungsram has doubled forint sales in western Europe since 1989. GE has also secured dramatic improvements in productivity in Hungary and has capitalised on the quality of local research workers. But Tungsram has not been

insulated from eastern Europe's economic crisis. To bear down on inflation, the Budapest government has maintained exchange and interest rates which are painfully high for exporters such as Tungsram. Sales in the former communist countries have fallen 90 per cent with the col-

state-owned Pepsi franchise

operations in Hungarian

regions outside Budapest. Pepsi's plans for Hungary

are part of a wider investment

in eastern Europe amounting

to "close to \$1bn", according to

Pepsi-Cola International's East-

ern Europe division.

PepsiCo buys into Hungary area. This is the first time that of soft drinks in plastic bottles. Pepsi said yesterday it was also interested in acquiring the

Mr Robert Joss, the American banker appointed managing director last month, said its Asian banking and finance interests had been profitable, but were no longer central to

the bank's objectives. Mr Joss said the bank's

The restructuring follows Westpac's abandonment of its 1980s strategy of offering a full range of banking services

series of reverses recently, climaxing in a record loss of A\$1.5bn (US\$1.06bn) for the year to September, after writing off bad debts of A\$2.6bn and an unexpected US tax liability of A\$106m. Pive directors, including the then chairman, resigned last year.

trim its operations in Asia

By Kevin Brown in Sydney

WESTPAC, the troubled Australian banking group, said yesterday it planned to dispose of many of its Asian operations in a restructuring of its global activities.

Westpac is to sell branch operations in Seoul and Taipei, a joint-venture interest in Jakarta, and finance businesses in Indonesia, Taiwan, Hong Kong, Thailand, Malaysia and Singapore. Its six US offices will be consolidated into the New York office.

The group will focus on corporate banking and global financial market operations in Australia, New Zealand, the US, Europe, Japan, Hong Kong

It said the remaining Asian businesses would focus on servicing Australian corporaating in Australia and New Zealand, and participants in financial markets. Westpac has already repositioned its European business to concentrate on similar activities.

global strategy "should be to concentrate on those businesses in which we have a clear competitive advantage and which offer significant prospects for growth".

in the main global markets.

Westpac has suffered a

A question of duty for Samsung

Samsung Electronics

Electronics group awaits key US decision on tariffs, writes John Burton

THE STAKES are high for Samsung Electronics, South Korea's largest electronics group, as it anxiously awaits a decision from Washington on whether the US will impose dumping duties on its semiconductors. Such penalties could pose a serious threat to the com-

pany's profitability. Samsung Electronics, the flagship of the Samsung industrial conglomerate, reported a 5.5 per increase in net earnings to Won72.4bn (\$91m) in 1992 as sales rose by 16.7 per cent to Won6,103bn. The semiconductor division, although accounting for only 22 per cent of total sales, is the main source of the earnings for

ated taxable profits of Won110bn last year. Its larger consumer electronics division, with 54 per cent of turnover, provided Won10bn in pre-tax profits, while telecommunications added another Won25bn, according to ana-

the company, Analysts esti-

mate that the division gener-

The personal computer operations incurred estimated losses of Won35hn, Pre-tax profits for the group were Won111.6bn 21.2 per cent.

It is considered unlikely the US will penalise Samsung Elec-tronics with the 87.4 per cent dumping duty on 1M and 4M dynamic random access memory (D-Ram) chips it proposed last autumn. This was in response to a complaint from Micron Technology, the US concern which provided Samsung with semiconductor technology in the 1980s.

But even a much lower duty could reduce semiconductor exports to the US, which purchased more than half of the company's output of D-Ram chips last year. "Anything above a 15 per cent dumping duty would be bad news for the company," said Mr Hwang Sung-june, electronics analysi for W.L. Carr in Seoul.

The US Commerce Department is expected on Monday to determine the level of dumping duty, while a decision on whether to impose it will be Share price (Won '000) Sales (Won '000 bn) Net profits (Won bn) 100 ----

made by the end of next month. The US action follows a decision by the EC last year to apply a self-regulating pricing policy to Korean chipmakers after the EC threatened to impose dumping duties. Samsung is increasing semiconductor shipments to south-east Asia in response to the trade

1987

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Europe. Samsung is the world's fifthlargest producer of memory chips and the biggest producer of D-Ram chips, which account

beavy research and capital expenditures, which total more than \$1bn annually. Its 1992 research and development budget of Won460bn was the biggest among Korean companies. with almost half devoted to semiconductors.

The ambitious R&D effort has paid off with the recent problems with the US and development of what was claimed to be the world's first laboratory model of the 64M D.Ram chip. It also spent Won740bn last year to build a production line for 16M D-Ram

The group's strategic importance to South Korea may force the government to support it with increased subsidised loans and other aid for research and investment if dumping duties seriously threaten profits

for 70 per cent of its inter-

grated circuit production. The group's strategic importance to South Korea as one of the country's few competitive high-technology companies and its second-biggest listed concern may force the government to support it with increased subsidised loans and other financial aid for research and investment if the dumping duties seriously threaten prof-

Earnings are already under pressure due to the company's

chips and modernise consumer electronics factories. But R&D and capital spending increased its debt/equity to an estimated 320 per cent last year.

The looming challenges confronting Samsung Electronics forced a management reorganisation in December, with the company's four previously autonomous divisions being placed under the direct control of a new president, Mr Kim Kwang-bo, who was formerly head of the semiconductor divi-

sion. The management consoli-

dation was considered necessary to correct problems stemming from the 1988 merger between the Samsung Electronics and Samsung Semiconductor and Telecommunica tions.

A slimmer management structure is meant to end the duplication of research and sales activities among the four divisions, while promoting faster decision-making.

Samsung has recently forged technical alliances with other chipmakers to reduce production costs.

It signed an agreement in December to produce advanced "flash" memory chips developed by Toshiba. Samsung will also manufacture semiconductor chips at a Texas Instruments' plant in Portugal, while it plans to make semiconductor manufacturing equipment in a joint venture with Dainippon Screen of Japan.

Analysts believe that improved prospects for con-sumer electronics and telecommunications might balance a possible profit fail for semiconductors.

The consumer electronics division is cutting manufacturing costs by moving facilities to low-wage countries, with the production of microwave ovens in Malaysia, refrigerators in the Czech Republic and VCRs in China.

The depreciation of the Korean won has helped increase exports of consumer electronics to south-east Asia and Latin America, which are emerging as new markets as sales slow in the US and Europe. Domestic demand is also expected to expand this year as the economy recovers to an estimated growth rate of

6 per cent. Public procurement of telecommunications equipment, such as Samsung's telephone exchanges, is also expected to rise this year with the installation of a new cellular telephone system.

But Samsung is likely to suffer continuing losses in its personal computer business due to flerce competition and price-

HONG KONG Aircraft HK\$1.8bn. The company said there had Engineering Company (Haeco). a Swire Pacific group company been good use of its airframe These measures were expected to produce an acceptable

In Hong Kong

By Nicholas Denton

next five years.

PEPSICO, the US food and

drink group, yesterday acquired FAU, a leading Hun-

garian soft drink company, and

said it would invest \$115m in

the Budapest area over the

The US group took a 79 per

cent interest for an undisclosed

sum in FAU, which had previ-

ously produced Pepsi products under licence for the Budapest

which holds the monopoly on commercial aircraft maintenance and engineering in the colony, yesterday posted a 21 per cent rise in net profits for 1992 to HK\$387.9m (US\$50m), from HK\$320.5m in

The profits were struck on a 16 per cent increase in turn-over to HK\$2bn, from

maintenance facilities and increased activity in its overhaul division.

Mr Peter Sutch, chairman, said the volume of work passing through Haeco was expec-ted to be satisfactory during

To maintain competitiveness, the company was focusing on improvements in productivity and a drive to improve quality, he said.

> result in 1993, despite high inflation in Hong Kong. Haeco is 51.85 per cent owned by Swire Pacific and 25.04 per cent owned by Cathay Pacific, the main customer for

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3i Group pic \$125,000,000 Guaranteed floating rate notes 1997

For the three months period 8 March 1993 to 8 June 1993, the rate of interest has been determined by S G Warburg & Co. Ltd at 6.375 per cent per

interest payable on 8 June 1993 will be £160.68 per £10,000 note and £1,606.85 per Agent: Morgan Guaranty Trust Company

JPMorgan

19 12 11 11 1N

Nationwide.

\$250,000,000 Floating rate notes 1995

Notice is hereby given that the notes will bear interest at 6.0479% per annum from 8 March 1993 to 8 June 1993. interest pavoble on 8 June 1993 will amount to \$152.44 per £10,000 note and £1,524.40 per \$100,000 note.

Nationwide Building Society

Agent: Morgan Guaranty Trust Company

JPMorgan

European Investment Bank

Italian Lira 200 Billion

Floating Rate Notes due March 1996

Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 10.9375% per annum for the period 05.03. 1993 to 07.06. 1993.

ITL 142,795 per ITL 5,000,000 nominal
 ITL 1,427,951 per ITL 50,000,000 nominal

Luxembourg, March 05, 1993

Notice to the holders of AUTOBACS SEVEN CO., LTD. (the "Company")

to subscribe for shares of common stock of Autobacs Seven Co., Ltd. issued with

U.S. \$100,000,000

4½ per cent. Guaranteed Bonds due 1995 (the "Warrants A")

Warrants

to Subscribe for shares of common stock of Autobaca Seven Co., Ltd. issued with

U.S. \$100,000,000

3 per cent. Guaranteed Bonds due 1996 (the "Warrants B")

Pursuant to Clause 3 (xiv) of each of the Instruments dated 28th February, 1991 and 12th March, 1992 (the "Instruments"), relating to the Warrants A and B, notice is hereby given as follows:

In secondance with the resolution of the Board of Directors of the Company will make a free distribution of the sound of Directors of the Company will make a free distribution of shares of its common stock (the "Shares") to its shareholders of record as of 31st March, 1993 by way of stock split in the ratio of 1.1 Shares for each Share held. Consequently, each of the Subscription Prices (as defined in the respective Instruments of the Warrants A and B will be adjusted effective as of 1st April, 1993 (Japan time), in the manner as set forth below pursuant to Clause 3 (i) of each of the Instruments:

1. Warrants A:

Subscription Price before adjustment: Subscription Price after adjustment: Yen 8,897.90 Yen 8,089.00

Subscription Price before adjustment Subscription Price after adjustment:

Yen 8,231.10 The Dalwa Bank, Limited AUTOBACS SEVEN CO., LTD.

10th March, 1993

European Investment Bank

Italian Lira 200 Billion Floating Rate Notes due March 1998 Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 10.96875% per annum for the period 05.03. 1993 to 06.09. 1993. ITL 281,836 per ITI, 5,000,000 nominal

 TL 2,818,359 per ITL 50,000,000 nominal Luxembourg, March 05, 1993

YOUR DAILY BUSINESS BRIBFING

Notice of Adjustment to Conversion Price



Daewoo Electronics Co., Ltd. (the "issuer")

U.S. \$50,000,000 3½% Convertible Bonds Due 2007 (the "Bonds")

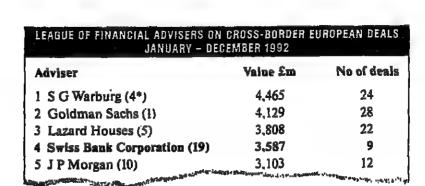
("Common Shares") otice is hereby given to holders of the Bonds that, following the Dividend in shares by the Issuer of the Common Shares on the basis of 0.02 per Common Share. The Issuer announced on March 2, 1993 that the Conversion Price of Won 9,350 per Common Share has, in accordance with the Trust Deed dated November 4, 1992 constituting the Bonds, been adjusted to Won 9,267 per share with effect from January 1, 1993,

Convertible into Shares of Common Stock of the Issuer

By: The Chase Manhattan Bank, N.A. London, Principal Paying and Conversion Agent

CHASE

Which Swiss bank held the key to M&A in Europe in 1992?



Source: Acquisitions Monthly

1991 making

In 1992 Swiss Bank Corporation confirmed its position as a leading financial adviser in European Mergers and Acquisitions and was ranked among the top four investment banks by Acquisitions Monthly. Swiss Bank Corporation acted in 30 deals across Europe and 40 deals worldwide, with a total value of approximately US\$13,000,000,000, including acting as sole adviser to Elsevier NV in its merger with Reed International plc - the year's largest European cross-border deal. Our industry specialisation and local market expertise held the key to our success in 1992 - and hold the key to yours in 1993.



ITOMAN

ITOMAN CORPORATION

(Formerly itoman & Co., Ltd.) (the "Company")

U.S.\$200,000,000

51/s per cent. Guaranteed Bonds 1994 (the "Bonds") and Warrants issued therewith to subscribe for shares of common stock of the Company (the "Warrants")

Further to the notice given on 16th November, 1992 and pursuant to Clauses 4(A) and 6(C) of the Instrument dated 20th Septentber, 1990 and the rules of the Luxembourg Stock Exchange, notice is hereby given that the Company entered into a merger ogreement with Sumikin Bussan Kaisha, Ltd. ("Sumikin Bussan") on 30th November, 1992 (Japan time, the same is hereinafter applicable) under which the Company shall be

The merger agreement was approved by general meetings of shareholders of both companies on 10th February, 1993. Pursuant to the merger agreement, all rights, obligations, assets and business of the Company (including all the obligations of the Company under the above-captioned Bonds and Warrants) will be transferred to Sumikin Bussan on 1st April, 1993 subject to the commercial registration of the merger being made with the appropriate Legal Affairs Bureau under the Commercial Code of Japan. Such registration is expected to be made in June 1993, whereupon the Company will be dissolved. The Company has received approval for the merger from The Bank of Tokyo Trust Company, as Trustee in respect of the above-captioned Bonds, pursuant to the Conditions of the Bonds.

As of 1st April, 1993 the Instrument constituting the Warrants will be modified so that the holders of the Warrants will be entitled from 1st April, 1993 to subscribe, upon exercise of the Warrants, for shares of comof Sumikin Bussan at the adjusted subscription price of Yen 6,410 per share (a) present Yen 1,282 per share of common stock of the Company). However, such new shares will not be issued until the commercial registration mentioned above has taken place,

There will be no stamping nor exchange of the Bonds and Warrants which remain listed on the Luxembourg Stock Exchange under the former nomination followed by the new den

> ITOMAN CORPORATION By: The Sumitomo Bank, Limited London Branch (as the Principal Paying and Warrant Agent)

Dated 10th March, 1993

SPHERE DRAKE

RESULTS FOR 1992

The Directors are pleased to announce the results for the 12 months to 31st December 1992.

	1992	1991
	£000	£0000
Net written Premium	191,364	169,861
Profit before Tax	10,093	(1,790)
Profit after Tax	10,206	(1,914)
Total Assets	439,624	328,621
Shareholders' Funds	75,425	51,219

Sphere Drake Insurance p.l.c. 52-54 Leadenhall Street, London EC3A 2BJ. Tel: 071-480 7340 Telex: 935015 Fax: 071-481 3828

INTERNATIONAL COMPANIES AND FINANCE

The Pru leads the line as bondholders join battle

HE SIGHT of The Pru-dential, one of Britain's largest institutional investors, rampaging through the UK corporate arena is familiar enough. It features less frequently on the US

But a furore over plans by Marriott Corporation of the US to divide itself into two separately-quoted companies has pushed the Pru - via PPM America, its Chicago-based fund management arm - into the limelight.

The battle lines were drawn last October, shortly after the Maryland-based lodging and food services group had announced plans to spin off its financially-healthy hotel operations from its troubled

Under this "demerger" scheme, Marriott would place its lodging business, together with its food and facilities management operations, in a new company, to be called Marriott International Shareholders would receive shares in the new company pro rata to their existing holdings in Marriott Corp. and Marriott International would be quoted in New York.

This would leave the existing company - to be renamed Host Marriott - holding most of the group's property assets and its airport and toll-road concessions. Host Marriott would also be saddled with the bulk of the group's long-term Nikki Tait reports on the furore surrounding Marriott's demerger plans

debt, totalling about \$3bn.
From the company's view-point, the scheme's advantages were plain. Marriott's manage-ment businesses, freed from the debt burden and the overhang of property assets which had proved hard to sell, could power ahead more aggressively as the recession ended.

Not surprisingly, Marriott' Corp's shares took heart. Having fluctuated around \$15 to \$17 for much of 1992, the stock rose by more than \$2 to \$19% on the news, and yesterday morning stood at \$25%. But if shareholders - who

still include the Marriott family with about a quarter of the equity - had reason to smile, Marriott Corp bondholders were less fortunate. Analysts noted that Host Marriott would have debt of \$2.9bn and a debtcapital ratio of 92 per cent. It would hold unsold property assets, the value of which could be affected by the vaga-ries of the US property market. The adequacy of the cash-flow coverage at Host Marriott was also questioned.

Credit-rating agencies shiv-ered. Moody's moved Marriott's existing debt securities from investment to non-investment grade rating, and Standard & Poor's put them on "creditwatch". Bond prices plunged. In December, some of the bondholders - led by PPM -

sued. Their action related directly to a \$400m sale of debt securities by Marriott in early 1992, and alleged the company knew the spin-off plan was being prepared even as it was selling the new notes.

A part from PPM America - acting on behalf of Jackson National Life Company, the Pru's US life-insurance subsidiary - 14 institutions were named as plaintiffs. Together, they claimed "the market value of the shareholdings of the Mar-

than \$47m," as a result of the plan, "while the aggregate value of the plaintiffs' notes declined in excess of \$35m".

Then, in late-December, Marriott announced it was talking to several bondholders, represented by Goldman Sachs, in the hope of "advancing the company's objectives" while making the deal more attractive to investors.

It is these talks which Marriott now says are close to a resolution. Details of the impending agreement have not been released, but it seems likely the pact would involve

Europe and

Asia for

expansion

By Raymond Snoddy

CNBC, the NBC cable

television channel that speci-alises in business news, is

planning to expand in Europe and eastern Asia.

The 24-hour channel carries

around 12 hours a day of pro-

programmes are already

Channel, the pan-European

channel which claims it is

available in around 50m

homes. CNBC is expected to announce today significant

oadcast to Europe on Super

sumer and other news.

shifting a larger portion of the debt to Marriott international and, perhaps, enlarging the \$600m credit facility that Marriott International would pro-

vide to Host Marriott. The problem is that the lengthy negotiations have resulted in a split in bondholders' ranks. While the "Goldman" bondholders have been negotiating with Marriott, the PPM America group has been preparing to litigate over the demerger scheme - and, so far, the "litigating" bond-holders do not like what they have heard about the proposed

"Without being specifically aware of the proposed settlement terms, my general understanding is that it doesn't respond to our requirements," says Mr John Stark, PPM America's general counsel. Mr Stark is quite clear what

PPM wants. First, it is seeking to restore the bonds' credit quality (so a re-rating from single B to triple B); second, it wants the bonds to return to their "full trading value". For the latter demand to be satisfied, Mr Stark claims the bonds would need to trade at around 113; the likely Marriott-Goldman deal, he argues, would barely return them to par.

Meanwhile, S&P's made clear on Monday that although a transfer of between \$350m and

riott to Marriott International might improve the bond ratings, it would be unlikely to lift them from a "low to mid-

speculative grade".

PPM has a broader point to make, arguing that dangerous precedents, eroding bondset, and this could be part of a worrying trend. It points to recent prospectuses for debt offering from Lockheed and Tiphook. These included a clause saying the company's covenants to bondholders might have "limited, if any

leveraged buy-out initiated or supported by the company."
Such language, PPM notes, is either new in investment grade offerings or, at the very least more prominently presented. The Securities and Exchange Commission says it knows of no recent rule change which might have triggered the new language, although full disclo-

applicability, in the event of a

highly-leveraged transaction or

sure is an age-old policy.

Posturing is a familiar fea-ture of US corporate wrangles. But, so far, everyone is sticking to their guns. PPM Amerlca says it plans to file an expanded suit against Marriott this week, alleging fraudulent conveyance. Marriott is seeking to have the litigation dismissed next month, and is sticking to its mid-1993 time-table for the demerger. Battle

Heinz shares slip on revised earnings-per-share forecast

By Nikki Teit in New York

SHARES in H.J. Heinz, the Pittsburgh-based food group, dipped by \$1 1/4 to \$43 yesterday morning after the company warned that earnings per share in the year to end-April would total about \$2.50. Analysts, guided by the com-

pany, had been predicting around \$2.60 until recently. The company blamed the reduced earnings forecast on "dramatic currency fluctuations caused by the withdrawal of the UK and Italy from the exchange rate mechanism of thel European Monetary Sys-

tem. sustained marketing

expenditures in certain select

THE TWO most important

holding companies in Canada's

Edper-Hees group reported

sharply lower profits for 1992

because of provisions to cover

their exposure to troubled

Royal Trustco and other units

Hees International Bancorp's

profit fell to C\$36.3m

(US\$29.4m) from C\$178.4m in

1991, after a special C\$91.4m

provision. Hees International is

By Robert Gibbern

in the group.

adverse weather conditions affecting Weight Watchers meeting operations. In the previous 12 months, it

saw after-tax profits of \$638.3m and earnings per share of \$2.40. Profits in 1991-92, however, were lifted by a pre-tax gain of \$221.5m, resulting from the sale of the Hubinger business. The revised earnings prediction implies a 30 per cent increase in fourth-quarter

earnings per share and would still leave the company's profits at an all-time high. It came as Heinz posted after-tax profits of \$162.8m in the third quarter to January

27, against \$115.3m in the same period of 1991-92. Sales increased to \$1.77bn from

Hees hit by exposure to Trustco

man empire.

at the top of the Edger Bronf-

Brascan, the other holding company, reported a loss of

C\$113.4m after provisions,

Both companies have signifi-

cant holdings in Trilon Finan-

cial, which in turn controls

Royal Trustco. Canada's sec-

ond-biggest trust company,

which is negotiating to sell

most of its business to Royal

loss of C\$227m but has yet to

Trilon reported a nine-month

Bank of Canada.

rose from 43 to 62 cents. Heinz attributed the third-

quarter improvement to the 9 per cent increase in sales, of which 3 per cent came from volume gains, 2 per cent from price increases, and 7 per cent from the acquisition of the Wattie business in New Zealand; the benefits of a restructuring programme last year; and a reduced tax rate. The tax charge in the third quarter was \$85m (\$65.8m).

The third-quarter results, however, still leave after-tax profits for the first nine months of the year down to \$480.3m, from \$492.6m a year ago. Sales stood at \$5.07bn.

full-year results until talks

with the Royal Bank are com-

London Life, the depressed

property developers Carena,

Trizec and Bramales, and Can-

ada's biggest resource group.

Noranda. Its controlling stake

in John Labatt, the brewer.

was sold last month for nearly

included its share of charges

made by the property units.

expansion of programming carried on Super Channel. CNBC, available in 48m homes in the US, is also considering significant expansion in Asia by joining a satellite report for the whole year, Royal Trustco has delayed its

system there. The CNBC move is the latest example of US cable television programmers expanding overas, particularly Europe.

This week, Turner Broadcasting said it was launching its Cartoon Network and Turner Network Television in Europe on the Astra satellite. while Viscom said recently that it was introducing its Nickelodeon channel Europe in a joint venture with British Sky Television.

CNBC targets | Dell PC sales surge 117% in final period By Louise Kehoe In San Francisco

DELL Computer, the US personal computer manufacturer, yesterday unveiled its fourth consecutive quarter of sales growth in excess of 100 Net income for the fourth

quarter more than doubled to \$31.3m, or 77 cents per share, from \$15.4m, or 41 cents, while grammes devoted to Wall Street, supplemented by con-Deli reported sales of \$620.3m, a rise of 117 per cent on Several individual CNBC \$285.7m in the same period last year. International sales rose 108 per cent to \$242m in the fourth quarter.

"This has been an excellent quarter and a banner year for Dell," said Mr Michael Dell,

nues to \$2bn, more than doubled our market share and emerged as the third-largest IBM-compatible personal compoter company in the world." Net income for the year rose

to \$102m, or \$2.59, up from \$51m, or \$1.40 in fiscal 1992.
Dell sells personal computers direct to users, by-passing dealers and retailers. Sales to corporate,

government and education accounts increased 132 per cent to \$302m in the fourth quarter of fiscal 1998, compared with \$130m in the same period in the previous year. Sales to small to medium-sized businesses and individuals rose sharply to \$248m, up 128

Du Pont speeds up phase-out

bon production in developed countries by one year to the from Wilmington.

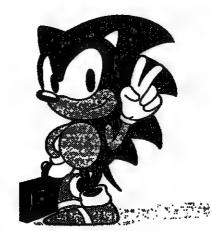
Du Pont said in 1988 it would phase out CFC production as soon as possible. Since then, it said, alternative technologies had been developed, adequate supplies of alternatives were available, and atmospherics measurements continued to confirm that ozone losses will

80 per cent of the refrigerants Du Pont sells are used to ser-

Existing systems originally designed to use CFCs cannot use any known alternatives as a direct, drop-in replacement without modification or rede-

Du Pont said it expected there would be sufficient alternatives capacity worldwide for

Meet Sonic the Hedgehog. The new Golden Boy of the Paris stock exchange.



On the 10th March 1993 Sega Enterprises Ltd lists its shares on the Paris stock exchange.

Being both inventive and dynamic, Sonic the Hedgehog (Sega's most successful video game character) is quite like his creator, Sega Enterprises Ltd. Indeed, Sega's creativity is enjoyed everyday throughout the world by millions of people. More than 40 years of experience, and technological expertise as well as a very productive Research and Development Department has allowed Sega to become one of the worldwide leaders in high-tech interactive entertainment.

From the 10 th of March this phenomenon will be appearing on the Paris Bourse. The prospectus which has received the visa No 93-090 of the Comission des opérations de Bourse dated 25 february 1993, is available at the affice of Nomura France, 19-21, rue de Ponthieu, 75008 Paris.



Notice of Early Redemption Chevron Corporation

U.S. \$300,000,000 8%% U.S. Dollar Bearer Notes of 1986/1996

NOTICE IS HEREBY GIVEN that pursuant to Condition 4 of the Notes, the Corporation will redeem all of the Notes at a Redemption Price of 1018% of their principal amount on the next interest payment dare, 15th April, 1993, when interest on the Notes will cease to accrue. Payment of the Redemption Price will be made upon presentation and surrender of the Notes, with all unmatured coupons attrached, at the offices of any of the Paying Agents listed below. Bankers Trust Company

Bankers Trust Company Appold Street, Broadgate London EC2A 2HE,

que Indosuez Belgique S. A. Place Sainte-Gudule 14 1000 Brussels, Belgium Banque Indosuez Luxembourg

39 Allée Scheffer

L-2520 Luxembourg

12-14 Rond-Point des Champs Elysées 75386 Paris, Cedex 08, France Bankers Trust GmbH Bockenheimer Landstrasse 39 6000 Frankfurt/Main 1, Germany

Swiss Bank Corporation i Aeschenvorstadt CH-4002 Basie, Switzerland

Accrued interest due on 15th April, 1993 will be paid in the normal mans gainst presentation of Coupon No. 7, on or after 15th April, 1993. Bankers Trust Company, London

RUSSI

Company sells obligations of:

MEDEXPORT SELKHOZPROMEXPORT SOYUZPROMEXPORT OTHER COMPANIES

Serious Buyers Reply in Confidence to: ..

P.O. Box 4563 New York, New York 10185 U.S.A.

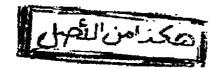
Turkey place ? shares

BONDS

DU PONT, the US chemicals increase. Refrigeration and air group, is accelerating the conditioning account for phase-out of chlorofluorocar-almost half of CFC use. About

vice existing equipment.

the transition.



INTERNATIONAL CAPITAL MARKETS

Spain and France bear brunt of turnround

By Richard Waters in London and Patrick Harverson in New York

MARCH IN BY

1000

. 1 :14:31

 $-1.7 \pm 0.7 \pm 0.02$

a stáiteáir. Na leiteáir

phase-out

11. - 1. Tail 20

EUROPEAN government bond markets fell yesterday after the strong rally of recent days, though traders said that the markets remained generally positive on the expectations of further German Interest rate

The falls were most pro-

GOVERNMENT BONDS

nounced in Spain and France, two of the countries which have had the strongest run compared with German bonds. The yield on 10-year Spanish bonds eased to 11.37 per cent from 11.29 per cent by yesterday's close as the peseta weakened on the foreign exchanges, though it remained around

Turkey may

place Netas

By John Murray Brown

in Ankare

market.

shares abroad

failure of a local share issue.

The government's sale of

shares in Netas direct to the

Turkish public has attracted

applications for just 35 per cent of the offer.

The poor response is a blow

to Turkey's privatisation pro-

gramme, and a measure of the

immaturity of the local share

Brokers say that at an offer

price of TL8,250, the company

is on a price earnings ratio of

2.6, markedly lower than oth-

ers in the sector. However.

fewer than 5,000 applications were received, 1,000 of which

Netas is 51 per cent owned

by Northern Telecom of Can-

were from Netas employees.

investment of \$27,000,

per cent via the offer.

one-third of a percentage point lower than a week before. French bond futures also fell back, with the Matif contract falling to 115.30 from 115.50 in

moderate trade. The reversal led to a widening in the yield spread between German and French bonds, which had narrowed to around 75 basis points at the end of last week. By the end of yesterday, the spread stood at around 85 basis

Italian bonds also slid. though for domestic political reasons rather than on the general trend in Europe.

Prices fell sharply ahead of

yesterday's special cabinet meeting on the corruption scandal as traders expressed fears that Mr Giuliano Amato. the prime minister, may have been about to resign.

"It was a great relief to see he didn't resign – there is no alternative to him," said Mr

FT FIXED INTEREST INDICES Year Mer 9 Mar 8 Mar 5 Mar 4 Mar 3 ago SortSect(NT) 97.98 98.04 97.71 97.12 97.25 87.42 98.04 85.11 Flood Interest 113.71 113.83 113.14 113.02 112.74 100.75 113.83 97.15 Pose present 1527 - 15265 157(0/26; Fixed Interest 1925.

* for 1982/93. Government Securities 15/10/26; Fixed Interest 1925.

* for 1982/93. Government Securities high since compilation. 127.40 (8/1/25), low 49 16 (3/1/75)

Fored Interest high since compilation. 113,63 (8/2/23), low 60.63 (3/1/75)

GILT EDGED ACTIVITY

122.8

1325

Andrew Roberts, an analyst at UBS Phillips & Drew. The Italian bond futures contract on Liffe reflected the volatility, falling to a low of 96.30 from 96.78 before bouncing to a

high of 97.10. It settled back to

140.7 135.5

GE Edgad Rargales 5-Day secrego * SE activity Indices o

end around 96.60. ■UK government bond prices fell yesterday, with losses concentrated in longer-dated issues, partially reversing the recent flattening of the yield

curve. Producer price figures showing a higher-than-expected rise in input prices, due to sterling's devaluation, aroused some concerns about inflation. Input prices rose 1.4 per cent

in February (6.9 per cent yearon-year), though little of the extra cost was passed on in output prices, which rose 0.4 per cent in the month.

On a moderate day, with 28,000 contracts traded, the June long gilt contract on Liffe opened at 1075 and hit of a high of 107% before ending back at 1061 The tranche of 6% per cent

gilts due 1995, announced on Monday before, was exhausted during the day.

■US Treasury prices were flat to lower yesterday as the market continued to consolidate the big gains earned during Monday morning's frenzied

By midday, the benchmark 30-year government bond was up k at 105%, yielding 8.715 per

At the short end of the market, the two-year note was down 1/2 at 9942, to yield 4.013 per cent.

In the absence of the economic statistics, trading was relatively calm, at least compared to Monday's early business when prices rose on reports that President Bill Clin-

BENCHMARK GOVERNMENT BONDS
 Coupon
 Red Date
 Price
 Change
 Yield
 Weet ago
 Month ago

 10.000
 10/02
 114.1141
 +0.245
 7.88
 7.02
 8.76

 9.000
 03/03
 112.0250
 -0.250
 7.27
 7.50
 7.63
 AUSTRALIA BELGIUM 7.250 08/03 98.9000 -0.650 7.40 7.28 7.86 8.000 06/03 99.3500 -0.200 8.09 8.50 8.75 DENMARK 8.000 05/98 103.2700 -0.230 7.20 7.50 7.54 8.500 04/03 107.9200 -0.710 7.36 7.42 7.72 FRANCE BTAN 7.125 12/02 104.2000 HJ.170 6.52 6.86 7.02 12.000 05/02 96.7800 45.450 12.991 12.74 12.81 TALY JAPAN No 119 No 145 4.800 05/99 105.2335 -0.326 3.77 3.85 5.500 03/02 110.4662 -0.152 3.93 3.93 7.000 02/03 103.4400 -0.400 NETHERLANDS 6.51 6.54 10.300 06/02 93.9000 -0.470 11 37 11.86 11.24 7.250 03/98 8 000 06/03 9.000 10/08 103-03 -5/32 53-04 -4/32 108-08 -2/32 6.54 6.61 7.57 7.67 6.09 8.21 6.250 02/03 108-18 -1/32 7.128 02/23 105-03 -13/32 5.94 5.95 6.73 6.84 ECU (French Govt) 8.000 04/03 103.3500 -0.500 7.51 7.70 8.08 London closing "New York morning session Yields: Local merket standard † Gross annual yield (including withholding tax at 12.5 per cent payable by non-resi-

dents.) Prices: US, UK in 32nds, others in decimal ton was ready to accept more credit crunch.

spending cuts in his budget. The lack of buying was partly a reflection of nervousness among investors ahead of today's expected announce-

NEW INTERNATIONAL BOND ISSUES

new measures to tackle the

In particular, the bond market is worried that new rules would be introduced restricting banks' acquisitions of Treament from the president of

Liffe launches Spanish contract

By Richard Waters

THE LATEST round in the battle for futures business between London and other continental European financial centres gets under way today as Liffe launches a Spanish bond futures contract.

Liffe claimed yesterday that its new contract, based on 10year Spanish government bonds, would not take business away from Meff, the Spanish financial futures and options exchange, but would attract new business from international investors. "There is a much bigger market there than is being realised by Meff's con-tract," said Mr Roger Barton, head of business development.

However, Meff has claimed that Liffe's contract will split liquidity between the two markets, and has cut its fees in an attempt to lift its share of bond futures trading.

The futures contract is likely to be attractive to traders given the high volatility in the market, which at 7 per cent has been the highest of any leading bond market over the past year in terms of 50-day price movements. Spanish bonds are expected to outperform in local currency terms once German interest rates

The competition for Spanish bond futures business comes as Liffe has established a 50 per cent to 60 per cent share of trading in Italian bond futures and a 60 per cent to 70 per cent share of German contracts. Its share of medium-term German bond (or Bobl) futures is far

CIBC offer raises C\$407m

CANADIAN Imperial Bank of Commerce is raising C\$407m in new equity through a public offer of common shares at C\$37.15 a share, writes Robert Glbbens in Montreal. The proceeds will be used to bolster tier I capital, providing a ratio of 6.7 per cent. The issue increases its capital ratio to 9.5 per cent after two preferred stock offerings raised C\$400m.

D-Mark sector helped by continued flood of issues

137.7 130.8

By Antonia Sharpe

The D-Mark sector became the centre of attention again yes-terday as the recent flood of new international bond issues

THE Turkish government might consider placing shares in Netas, the Turkish telecomcontinued unabated. Syndicate managers said they expected new-issue activ-ity to remain high for the rest munications group, with foreign institutions following the of the week, since most sectors of the international bond market did not appear to be satu-

Yesterday's heavy issuance in the D-Mark sector - just

INTERNATIONAL BONDS

ever DM2bn was raised came in a variety of structures and maturities, which helped the market to absorb a fair amount of the total. However, syndicate managers said that although investor demand for D-Mark paper was still healthy, it would take some time before yesterday's issues were fully placed.

They added that a widening ada. The government was hop-ing to reduce its share stake in of yield spreads in sovereign D-Mark-denominated paper, Netse from 49 per cent to 29 caused by fears that Finland's credit rating might be down-graded, could discourage bor-To attract local institutions, the government is raising the rowers from tapping this sector of the international bond marcelling for a single application from 5,000 to 30,000 shares, an

On Monday, a senior Finnish the size of their issues. finance ministry official said it was likely that Standard & Poor's would lower the credit rating of the Republic of Finland in the near future. Finland is currently rated AA+ by the US credit rating agency. S&P declined to comment vesterday, but noted that it had a negative outlook on Finland's

Yesterday, the European Investment Bank launched DM500m-worth of seven-year Eurobonds and, as usual, the pricing was tight.

The bonds were priced to yield eight basis points over comparable German government bonds.

The spread tightened slightly by mid-afternoon, but an offi-cial at the lead manager, WestLB, said this reflected weaker bund prices.

Deutsche Bank raised DM1bn for itself through an issue of four-year Eurobonds. The bonds were priced at 15 basis points over the series 99 of medium-term German government bonds, and later tightened to 18 basis points.

The D-Mark sector saw another wave of reverse floating rate notes (FRNs), and investor demand for these instruments geared to falling interest rates allowed some borrowers to increase

The Republic of Austria increased its FRN issue to DM400m from DM300m and Finance added another DM50m to the DM150m FRN issue which it launched on

Goldman Sachs confirmed that it had won a mandate with Lehman Brothers to arrange a dollar-denominated Eurobond issue for the African Development Bank.

An official at Goldman Sachs said the issue would be launched within the next two weeks but declined to comment on market talk that the bonds would raise \$500m and have a maturity of 10 VEGTE.

Meanwhile, Morgan Stanley is close to launching a Y50bn convertible Eurobond issue for the Bank of Tokyo.

The Eurodollar sector was also active, with Ciba-Geigy Corporation, the US arm of the Swiss drug company, raising \$100m through an issue of seven-year bonds. UBS Phillips & Drew, the

lead manager, said the issue was part of Ciba-Geigy's current medium-term note pro-

The bonds were priced to

BORTOWOI US DOLLARS Toyo Engineering Corp.(a)4 Ciba-Gelgy Corp. Bayerische Vereinsbank(b)#il Ryobi(a)4 Sanzo Finance (Cayman)(c,d)4 2.25/1.5 Yamaichi Inti.(Europe 1.875/1.875 UBS P&D Securities 0.45/0.3 Merrill Lynch Inti. 2.25/1.5 Nomura International Mar. 1997 Mar. 2000 101.385 99.875 (b) 2.75 1.675 Apr.2000 Mar. 1998 4,75 D-MARKS Deutsche Bank Westdeutsche Landesbe Trinkaus und Burkhardt Selomon Brothers Dresdner Bank Apr.1997 Apr.2000 Apr.2005 Apr.2003 Mar.2003 101.75 100 100 FRENCH FRANCE 1.5bn zero 40,05 Apr.2003 0.250 BNP Capital Markets 105.05 Feb.2003 2/1.65 CANADIAN DOLLARS 1.875/1.725 Wood Gundy 250 5.75 World Bank **GUILDERS** SWIRE FRANCE Seikitokyu Kogyo Co.(c,i)++ Nihon Kohdan Corp.(j)++ 100 Mar. 1997 Mar. 1997 Swiss Volkabenk Yamaichi Bank (Switz.)

Final terms and non-callable unless stated, *Private placement, 4With equity warrants. Floating rate note, #Semi-annual coupon, a) Final terms fixed on 16/3/93, b) Coupon pays (0.5 > the 10-year CMT) + 1.45%; minimum 5%, c) Final terms fixed tomorrow, d) Warrants are exercisable into shares of Mitsui Engineering & Shipbuilding Co. e) Coupon pays 9.25% fixed annual in first year and 12.125% - 8-month Libor thereafter. f) Coupon pays 9% fixed annual in first year and 12% - 8-month Libor thereafter. g) Issue leunched on Monday was increased to DM200m, Coupon pays 9.5% fixed annual in the first year and 12% - 8-month Libor thereafter. h) Fungible with the outstanding £100m launched on 28/1/63 40 days after payment date. Plus 47 days accrued interest. l) Callable on 25/9/93 at 101.75% declining by 0.25% semi-annually) Final terms fixed on 18/3/93.

2000, but the spread later tightened by five basis points, reflecting good demand, especially from Switzerland.

yield 30 basis points over the State-owned Petroleos Mexi-6% per cent US Treasuries due canos (Pamex) plans to issue first two in dollars, with matu-

up to \$525m-worth of Euro- rities of three to seven years bonds this year as part of its financing programme, Reuter

reports from Mexico City. Pemex intends to launch be denominated in D-Marks. four Eurobond issues in all, the

and amounts of between \$125m and \$200m. The other two issues could

LIEUE COULTY ORTHONE

yen, sterling or Swiss

MARKET STATISTICS

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SEASON OF TOWN 1989 TO 1989		FT/IS	MA I	NTE	RN	ATIC	ONAL BOND SERVIC	<u> </u>				
### STATE OF THE S	Listed are the latest international	bonds (er	which ti			quate i	secondary market.	Latent p	riche at	7:06 pm		lerch 9
### STATE OF	U.S. DOLLAR STRAIGHTS	Ingred 200	Rid VOLU	Offer		Yleid	OTHER STRAIGHTS	Issued Link	81d 971		day	
### STATE OF	ALBERTA PROVINCE 93/8 95	. 600	1103	111	4	45	ECSC 7 3/4 94 LFT	1000	991		-6	8.12
September Color	BANK OF TOKYO 8 3/8 96	100	108		-1	14	ERERGIE BEHEER 8 3/4 98 FT	200		1084		6.93
### STATE OF THE S	BFCE 7 3/4 97	🖼	1003	19.	3	16	UNILEVER 9 00 FI	- 1500 500	113 108	1137	+24	5,68 7,48
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### STATE OF	DENMARK 9 1/4 95	1571	1094 1095	109%	-la	12	ONTARIO HYDRO 10 7/8 99 CS	500	1112	1125	3	8.27
### STATE OF	TEC 8 1/4 %	700	1094	1091	45	5.10	QUÉBEC ERDY 10 1/2 98 CS	200	1094	1110	3	835
### STATE OF	EB91/497	7000	115	1124	-5	13	CREDIT LYCHNAIS 9% Em	120	1024	1017	- 19 - 19	7.50 8.10
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STRAKENT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day - Change on	SWEDEN 5 5/8 95	20000 50000	104 1123	1041 1134	-b	3.93 4.56	No information available - brevie	s buce one can a	ht-ce			- 1
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_	RISES AND FALLS YESTERDAY	LIFFE EQUITY OPTIONS		
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2 75000000000000000000000000000000000000	FT-SE ACTUARIES INDICES The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved. The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. The Financial Times Limited 1993. All rights reserved.	Rritish Government 1 Up to 5 years (24) 129.72 129.18 2.01 1.98 5 1.76 3.03 3.03	57 7.55 44 7.83 75 6.74 07 8.06 24 8.23 92 6.89 28 8.27	9.30 9.30 4.56 9.39 9.35 9.79 9.51 9.44 9.49
6	The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Same Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and	7 Over 5 years (12) 172.77 +0.09 172.50 0.86 0.87 13 inflation rate 10% Up to 5 yrs. 1.8 All stocks (14) 173.10 +0.08 172.96 0.78 0.96 15 Debs 6. 5 years 8.4	19 1.18 28 3.28 46 8.46 17 9.16	2.69 4.17 10.90 10.69

9 Mis & Lass (67) 130.02 +0.02 130.00 2.07 2.24 16 Leans

Glynwed's £33m fails to impress City

By Paul Cheeseright, Midlands Correspondent

GLYNWED International, the diversified Midlands engineering group, yesterday reported a 30 per cent increase in pre-tax profits to £33.1m for 1992. However, the figure was widely expected in the City and it failed to impress the stock market.

The shares, which last week climbed 26p to 291p, were firm immediately after the announcement but a reaction followed and, in moderate trading, they fell 7p on the day to close at 282p. That valued the group at £580m.

For the second year running Glynwed failed to cover its maintained dividend.

Mr Gareth Davies, chairman, who promised that "our fortunes are on the turn", made no apology: "We did not feel it right to cut when profits are rising." he said.

10.95p (8.43p) and a final divi-dend of 7.5p makes an

LYNWED Interna-

tional, more generally accustomed to a life in

the shade as an indicator of UK

industrial fortunes, a stalwart

of the Midlands engineering

industry, has suddenly looked

fashionable. There has been a

minor vogue on the stock mar-

ket for engineering companies. Since the beginning of the year a host of Midlands indus-

trial groups, especially second line stocks like Concentric.

Bromsgrove Industries, Ash &

Lacy and Dowding & Mills,

have enjoyed a revival of inves-

tor interest. That interest caught up with Glynwed last

Partly this reflected the

expectation of higher earnings

after two hard years of reces-

sion. The surveys have been

more encouraging.
This week the Engineering

Employers' Federation West

Midlands reported that for the

first time since last May more

companies are reporting fatten-

ing order books than those

reporting a downturn in

unchanged total of 11.65p for the fourth year running. A fall in turnover to £906.4m (£949.9m) largely reflected lower than average metal prices. However, there was a 10 per cent rise in operating profits to £44.8m while a cut in interest charges to £11.7m (£15.4m) gave an added boost at the pre-tax level.

Glynwed's fortunes are now showing the same pattern of recovery that they did after the The nadir of its fortunes in

the current recession was in 1991. But trading conditions remained difficult and Mr Davies attributed the profits recovery, approaching the level of 1986, to reductions in operating costs and increased competitiveness.

He warned that "it will certainly not be before the second half of the year that the benefit of interest rate reductions, and any other economic stimulus, be expected to have any worthwhile impact on our

demand. Capacity utilisation

The recovery in Glynwed's

annual profits is symptomatic

of a more general phenomenon

in the Midlands - the great

push for productivity growth

Mr Gareth Davies, the Glyn-

wed chairman, attributed the

30 per cent rise in earnings to

"the measures taken to reduce

operating costs and adapt

operations to lower levels of

demand in order to improve

competitiveness and manage

measures on GKN, the automo-

tive components manufacturer

with plants around the Mid-

lands, will be seen today. And

next week IMI, the diversified

engineering group and another of the large Midlands compa-nies, will announce its figures.

The recession pushed man-

agements into finding ways to

obtain fatter profits from a

In many cases, they have

Turnover

Pre-tax profit and earnings per

Higher operating profits for fourth

Consumer products make progress

Copper tube benefits from one-site

in UK and export markets

• Steels profits 45% higher

Plastics affected by world

share up 30%

operation

successive half-year

Operating Profit

Earnings per Share 10.95p

Dividend per Share 11.65p

Pre-Tax Profit

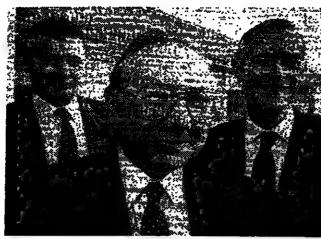
accepted slow market condi-

more slender base.

The effect of cost-cutting

during the last two years.

has increased modestly.



Smiles all round: Gareth Davies (centre) with managing director Bruce Ralph (left) and finance director David Milne

What Glynwed would like well." Mr Davies asserted. specifically is for the growing number of house reservations to be translated into sales, an expansion of motor exports and a rise in metal prices. "If

Engineering companies have recently been popular stocks. Paul Cheeseright reports

tions as the norm and have

preferred to treat any enlarge-

ment of demand, any chance to

raise prices, as a bonus to be exploited rather than a natural

change in the commercial

Recent prices in steel billets,

for example, have quickly

given a new element of profit-

ability to some of Glynwed's

steel processing. As steel man-

ufacturers seek to make higher

prices stick, the prices of Glyn-

wed steel products are ratch-

In the earlier part of the

recession, solace could be

sought in the markets of conti-

nental Europe, especially for

the motor component manufac-

Europe is out. The UK and the

Transfer Technology is

another Midlands group, the

shares of which have been

favoured and which also

1992

£906.4m

£44.8m

£33.1m

1991

£949.9m

£40.9m

£25.5m

8.43p

11.65p

"The progress already made in reducing

costs, improving efficiency and

eliminating loss makers has helped the

ow that is disappear-

ing, the investment

fashion has swayed.

Rediscovering a taste for the Midlands

order of things.

Last year Glynwed continued to take losses in its tubes and fittings division, but profits increased from steels and engi-neering, were steady on con-

announced figures vesterday.

Part of its sharp rise in profits

came from the exposure to the

US for a third of its sales of

precision components and

Glynwed captures the move-

Albert E Sharp, the Birming-

ham-based broker, suggested:

"With the majority of sales still made in the UK, Glynwed will

clearly be a significant benefi-

ciary of any improvement in

The relatively small propor-

tion of continental European

earnings, which over the last

two years have been the

group's main weakness, is now

likely to be one of its key

attractions in the eyes of inves-

This is not the case with

either GKN or IMI, the shares

of which have not moved up

with the same enthusiasm as

the engineering second liners.

They both have extensive expo-

sure to the German market,

and it remains to be seen

whether their US interests will

Percentage

-5%

+10%

+30%

+30%

manufacturing systems.

the domestic economy.

ment as well.

& COMMENT

Glynwed is decently poised for recovery, and a rise in metal prices, which has started to happen in some sectors, would rapidly feed through to the bottom line. The group has been expert in the past in wringing profits from staid businesses indeed, the return on capital employed went up to 15.5 per cent from 12.4 per cent last year. But that route to higher profits looks played out for the immediate future, pitching Glynwed's prospects firmly on to those of the UK economy. A modest upturn would make brokers' estimates of pre-tax profits of £45m for 1993 look a realistic estimate. That would translate to earnings per share of 15p, putting the shares at yesterday's price of 282p on a prospective p/e of 18.8, high enough if it is assumed that some part of the corporate recovery is already built into

be sufficiently strong to offset

any downturn in their Euro-

there was a general move

among Midlands engineering

groups to expand exports and

as GKN and IMI. It was then

deemed a weakness. Now it is

Another factor has been the

room for catching up by the engineers and the metal pro-

cessors on the stock market

Last year engineering stocks

were sluggish, declining relative to the FT-A All-Share

This had the effect, this year, as interest rates settled at

abnormally low levels, of mak-

ing the yield on companies like

Glynwed look increasingly

attractive. Investors responde

enabling the engineering sec-tor to out-perform the index.

Technology

up 72% to

£9.45m

of acquisitions.

By Paul Cheeseright,

TRANSFER Technology, the

specialist engineering group,

increased pre-tax profits by 72

per cent last year with the help

Pre-tax profits for 1992 rose

from £5.51m to £9.45m. Earnings per share, affected by last

year's £23.9m rights issue, rose less sharply to 42.8p (36.5p).

The group has shifted the emphasis of its business since

it was formed through the

merger in 1991 of Central &

Sheerwood, a Robert Maxwell

company, and interests con-trolled by Mr Geoffrey Robin-

the automotive components sector has been reduced so that

the main contribution to oper-

ating profits now comes from control and manufacturing

Turnover of £106.9m (£68m)

produced a gain in operating profits to £10.3m (£5.38m).

"the number one priority",

further bolt-on acquisitions.

The profit growth, on top of a rise in net margins from 8.1

per cent to 8.8 per cent, partly

reflected the rationalisation of

acquisitions. Mr Robinson

added that growth also came

from the diversity of geograph-

A final dividend of 9.75p

raises the total to 16p (13p).

ical markets and sectors.

technology.

operating profits.

Transfer

seen as a strength.

cycles of the UK sconomy.

to cut their vulnerability to the

lynwed went down

the same enthusiasm

this route but not with

After the 1980s recession

pean markets.

and property divisions.

By Richard Lapper

Mutual

much of

Municipal

MUNICIPAL Mutual Insurance, the local authorityowned insurer which with-drew from the market last year, yesterday concluded negotiations to sell substantial parts of its business to Zurich Insurance, one of Europe's

largest insurance companies. The deal was predicted to go ahead after Zurich offered renewals to all existing local council policyholders under an interim agreement with MMI

in October.

As expected the Swiss group for liabilities arising on policies which were underwrit-ten by MMI before September

Zurich said yesterday that it expected the EC competition authorities in Brussels to approve the deal.

Žurich will employ 1,500 MMI staff and also provide claims servicing facilities to MMI. Zurich, which will call its new subsidiary Zurich Municipal, has purchased the Bournemouth office building of MMI and taken leases on remaining operational loca-

Welcoming the deal Mr Brian Wright, MMI chief exec-utive, said: "The deal achieves a major part of our plans for the sale or solvent run-off of the business."

MMI withdrew from the market last May but manage-ment, lead by Mr Wright, were initially unsuccessful in find-ing a buyer. A number of UK companies examined the business. In October a deal involving the French group, Garan-tie des Foncionnaires Mutuelles, fell through.

Etonbrook Properties' board in talks with dissidents

By Peter Pearse

The board of Etonbrook Properties, the property developer, said it was considering the application by Mr Andrew Perioff, who has a 19.13 per cent stake, and others to requisition an extraordinary meet-

ing. Mr Perioff wishes to submit resolutions to appoint himself, Mr Maicelm Bloch and Mr Peter Rowson as directors, and to remove Mr Jonathan Harris. Sir Brian Hill, Mr PM Archer and Mr R Seifert from the

The board said it was in discussions with Mr Perloff which might or might not lead to an offer for the outstanding share capital. It advised shareholders to take no

Premium of 24% at Yorkshire Food

In the first day of trading, shares in Yorkshire Food Group, the Bradford-based food processing company, opened at a near-24 per cent premium to the placing price.

Placed at 110p, they rose

Through acquisitions and 2p on the day to close at organic growth, dependence on

Postel Investment drops US venture capital link

Acquisitions accounted for £23m of turnover and £3m of ment, one of Britain's largest Mr Robinson, chairman, said that organic growth was now although he did not rule out company.

Postel, which has £20bn under management, and Chan-cellor Capital Management, a New York-based money management company, have dissolved their joint venture after failing to reach their minimum fund-raising target of \$100m (£70m). Postel was to have pro-

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for your	Tolal iasl year
BBAfin	5.25	May 28	5.25	7.5	7.5
Candover Invsfin	6.5	May 10	a	10.25	9.5
Close Brosint	3.21	Apr 23	3	-	9.5
Glynwed intifin	7.5	July 1	7.5	11.65	11.65
Hillsdown	6.6	July 1	6.6	8.8	8.8
Kerryfin	1.47	•	1.4	2.26	2.15
Khalemori Dev	2.75	May 14	2.75	-	10.5
North Midland	0.3	May 26	0.5	0.6	1
Singer & Friedfin	1.6	June 2	1.5	2.6	2.5
Strong & Fisherfin	1	May 28	1	1	1
Thorntonsint	1.25	Apr 30	1.25		1.65
Transfer Tech	9.75t	July 1	8.75	16	13
Union Discountfin	пH	•	2	all	13.5
USDC Inv Trustfin	3.25	Apr 23	3.25	4.5	4.25
Water 6-	and the		0.00		

Dividends shown pence per share net except where otherwise stated, fOn increased capital, dirigh pence.

Zurich buys | Low & Bonar cash call to fund £34m buy from Kellogg

By Peggy Hollinger

LOW & BONAR, the packaging and plastics company, yester-day launched a £50m rights issue to fund the acquisition of a folding carton manufacturer and to reduce debt.

The group announced that it had agreed to purchase Manchester-based Cereal Packaging from Kellogg, Europe's leading cereal manufacturer, for £33.5m cash.

Mr Jim Leng, chief executive, said the deal would create Britain's third largest folding carton company.

Traders welcomed the cash call and acquisition and marked the shares up 9p to 344p, in contrast to the declining market. Mr Leng said Low & Bonar

expected to benefit from significantly enhanced purchasing power following the acquisition. The group also planned to expand Cereal Packaging's capacity - which to date had been aimed solely at servicing Kellogg's needs. The business would compliment Low's existing Bonar Cooke Carton operation, he said, and give access to

the rapidly growing European As part of the deal, Kelloge

has agreed to a five-year parchasing contract with specified prices. Based on the prices and volumes of this contract agreement, Cereal Packaging would have made profits of roughly £4.5m last year. Assets are expected to be valued at about £8m, following evaluation of

stocks. The deal will be funded through a 1-for-4 rights issue of 19.5m shares at 265p. This will raise 250.2m, of which £16.7m will be used to reduce debt.

Low & Bonar, .. which announced a sharp decline in annual pre-tax profits from £21.6m to £8.1m last month, has net debt of £36.5m. After the issue, gearing will fall from 30 per cent to 15 per cent.

Mr Leng said the debt rednotion would allow Low to act on other acquisition opportunities. The company, which has reorganised its troubled US operations, aimed to expand in

Hambro

raise £3.

HIS floa

Pub

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12 22 W V

The group hoped to make an announcement within the next

Ocean disposes of non-UK bulk liquid storage operation

By Peter Pearse and Ronald vim de Krol

OCEAN GROUP, the freight, environmental and marine services conglomerate, has sold the non-UK activities, or some 80 per cent, of its bulk liquid storage company for £55m including debt. Panocean Storage & Transport, the sold business, has

operations in the Netherlands, Belgium and the US. In 1992 it made operating

profits of about £5m (£5.7m) and pre-tax profits of Ci.lm. Shares in Ocean rose 100 to

296p yesterday. The buyer is Royal Pakhoed, one of the biggest storage groups in Rotterdam, the world's largest port. The consideration is expec-

ted to be about £41m and Pakhoed is also assuming some £14m of debt.

At December 31 the busiabout £51m. Mr Nicholas Barber, Ocean's

chief executive, said that the sale would reduce his company's gearing by 20 points to about 17 per cent and would result in a book loss of about £läm.

Panocean "had kept its mose clean", but that there had been a low cash return on the

"We took a hard-nosed view of a business not able to deliver the results we required," he added. Ocean has retained Pano-

cean's UK business, which has operations on Merseyside and Humberside and, at December 31, a net asset value of about

Pakhoed said the acquisition would boost its total worldwide storage capacity by about 20 per cent and would give it a foothold in a new business, the storage of edible oils and

eral oils, Pakhoed is already active in the storage, transport and distribution of fruit and forest products.

Pakhoed said it expected the Panocean operations to make more than 1992's 23.1m when under its control, partly because of lower interest and overhead costs.

Mr Barber said he expects the recommended final dividend for 1992 to be maintained at 9.62p to hold the total at

BOARD MEETINGS

Series	Hendway	Mar. 1
inge.	Kwik Save	Apr. 1
pur-	Plante-	7
dias-	Bousteed	Apr.
the	Bunzi	Mar. 2
man-	Clycle Petroleum	Mar. 2
y on	Davis Service	Mar. 1
	Hampden Group	Mar. 1
	Mecallan-Gleniiwał	Mar. 2
inn).	Matthews (Bernurd)	Mar. 2
auij,	Mayborn	Mar. S
Cluff	Horthern Foods	, přepře l
KN.	PE Inti	100
	River & Merc Am Cap & loc	Mar. S
eve,	Rutland Trust	Mer. 1
COTO,	Telemetrix	Mar. 1
	Thomson	Mar. 1
	Try	Mar. T
		media 4

announced a little less than two years ago it was hailed as

a significant departure for Pos-

tel, which has venture and

development capital invest-

ments worth £300m on behalf

of the Post Office and British

Telecommunications pension

funds. Postel had not previ-

ously managed funds for third

fund-raising drive, decided in December that there was no

point in continuing, said Mr

Ray Maxwell, venture capital

"It was a disappointment."

he said. "We were over in the

US every month in 1992 fund-

raising. This sends a rather

disturbing message to the

European venture capital community. The Americans have

been disappointed with the results of their investments in

The reasons for the failure were a combination of poor economic news from Europe, currency uncertainty sur-rounding the exchange rate

the attitude of US institutions towards investing indirectly through venture capital

Chancellor's fund-raising

may also have suffered because another large international fund, launched by Hancock

Venture Partners, went to mar-

ket first.

Chancellor, which led the US

party investors.

manager for Postel.

POSTEL Investment Manage-

institutional investors, has dropped plans to establish a European venture capital fund jointly with a US investment

vided \$20m of this. When the project was

	Current payment	Date of payment	ponding	for	iasi
BBAfin	525	May 28	5.25	7,5	7.5
Candover Invsfin	6.5	May 10	ø	10.25	9.5
Close Brosint	3.21	Apr 23	3	-	9.5
Glynwed intifin	7.5	July 1	7.5	11.65	11.65
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Kerry	1.47	•	1.4	2.26	2.15
Klaimori Devnt	2.75	May 14	2.75	-	10.5
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Singer & Friedfin	1.6	June 2	1.5	2.6	2.5
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Thorntonsint	1.25	Apr 30	1.25	_	1.66
Transfer Techlin	9.75t	July 1	8.75	16	13
Union Discountfin	nH	•	2	all	13.5
USDC Inv Trustfin	3.25	Apr 23	3.25	4.5	4.25
Watesfin	nti	-	2.96	0.77	0.73

To the Holders of Olympia & York Maiden Lans Finance Corp. 104% Secured Notes Day 1995 Notice of Defaults

Notice of Delaulta

On February 9, 1993, Nations Bank of Teunessee. N.A., as successor trustee (this "Instee") under the indenure (the "Indentate"), dened as of December 23, 1985, of Olympia & York Maiden Lune Foatmee Chep, the "Indentate" is pursuant to which the Issuer's 103/9. Secured Notes Dae 1995 (the "Notes") were bossed, and reasing over of the Morrgage Spreadert, Maddification and Extension Agreement and Security Agreement and Assignment of Rents (the "Mortgage"), dated as of December 21, 1985, between Olympia & York Manden Lata Company (the "Owner") and the Issuer, and to the Issuer and the Owner, Notices of Default pursuant to Secution 5010th of the Indentage and Section 23(g) of the Mortgage, respectively, concerning their failure to televise to the Trustee unqualified Anditor's Reports with respect to the structure of Cash Flow of the Owner and the balance steer and income suscentent of the Issuer for the year ending December 31, 1991, because the auditor's reports previously deflewed were not unqualified. The Issuer and the Owner have stated then when the televise of the Indentage in the deflewise continue for the terms of the Indentage in the deflexity of the deflexity continue for a continue of the deflexity of the deflexity continue for a continue of the co Under the terms of the Indenture and the Montgage, if the defaults continue for a period of 30 days after the date of the notices, Events of Default will then occur under both the Indenture

Cooper of Dickstein & Co. at 12(2) 144-0611.

As all of the Notes are in Bearer form, the Trustee does not have a flas of Naseholders in order to communitents with the holders fram time to time, if necessary. Accordingly, we ack each holder to please crustee Mr. John S. Hiott, Vice President of NationsBank of Tennessee. N.A. at 1301 Gervals Smeet. P. O. Box 22(15): Columbia, South Carolina 29222 and indicate the vehecular antenna of Notes owned by the

recession Group achieve increased levels of profitability for four successive half Metal Services hit years and we are aiming to maintain by low metal prices this trend in 1993." New management **GARETH DAVIES** structure in place Chairman & Chief Executive - 9 March 1993 **Glynwed International plc** The 1902 Report and Accounts will be posted to shareholders in May. For a copy please write to the Group Secretary, Glynwed International plc, Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ CONSUMER PRODUCTS - PLASTICS - METALS - ENGINEERING - BUILDING PRODUCTS

By Tim Coone in Dublin

KERRY GROUP, Ireland's

fast-growing milk and meat

processing company, reported a 19 per cent increase in pre-

tax profits for 1992, from

I£24.1m to I£28.7m (£29m), on

turnover up 10 per cent to

The results incorporated the

first full-year contributions from a series of 1991 acquisi-

tions, Kantoher, Meadow

Meats and Tunney Meats in

Ireland, Dairyland Products in the US and Bastleigh Flavours, a UK food ingredients com-

During 1992 the company acquired Buxted Duckling in

the UK and Tuam Dairies in

Two thirds of the company's turnover is now from overseas. Meat processing now accounts

for 50 per cent of the group's

Turnover has nearly trebled

since 1987, while earnings per share and pre-tax profits have more than doubled and risen

31/2 times respectively in the

Earnings per share for 1982 rose 9 per cent to 15.8p (14.5p).

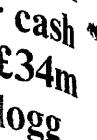
A final dividend of 1.47p

(1.4p), is recommended mak-

ing a total of 2.26p, compared

Mr Llam Igoe of Goodbody, the Dublin stockbroker, fore-cast 1993 earnings of 16.6p per

1£826.7m, against 1£754.9m.



. By Maggle Urry

acquisitions.

cent to £4.37bn.

fixed asset sales

earlier mistakes made when it

expanded rapidly through

Pre-tax profits dipped and a

£92.3m provision was taken below the line.

The group now plans a pause in such expansion for at least

12 months while it concen-

trates on sorting out its exist-ing operations. It will also

close or sell about 30 busi-

Sales from continuing operations rose 6 per cent but

total sales were down 6.1 per

Operating profits fell 20 per cent to £184.9m, though profits from continuing businesses fell

12.2 per cent to £185.6m. Profits

included 26.4m (£10.6m) from

Operating profit margins fell as recession-bit consumers

A reduction in the interest

Hambros to

HIS float

By Richard Lapper

raise £35m in

Hambros, the merchant

banking group, expects to raise £35m by floating its

insurance business, Hambros

Insurance Services, later this

month, according to the path-

finder prospectus issued yes-

HIS will receive £15m.

before expenses, of the proceeds, of which £2.5m will be used to reduce short-term

debt. The remainder repre-

sents the sale of shares by

Hambros and minority share-

holders. Hambros will retain a 50 per cent holding. Turnover of the four compa-nies which make up HIS —

Cunningham Hart, the loss adjusters, Hambro Legal Pro-

tection, the legal expenses

try dear Kelloge to a compact pur to the process and to the process and the compact agree Process or roughly treat Access are Service at about Agricate (under of the fundament of the first o

amed - supandin hoped to make as to some one new

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insurer, Beale Dobie, a market maker in second hand endowment policies, and Berkeley Insurance, a London market consultancy - increased to 256.6m (£38.5m). in the 12 months to March 31 1992. in and seed a The Last of L

and provide terms and provide them and throme that them to destroy on the

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The issue will be underwritten by Panmure Gordon, brokers to HIS.

charge from £44.9m to £30.8m £20.3m, reflecting lower profits profit fall to £12.8m as lower reflected the rights issue in HILLSDOWN Holdings' results bore the brunt of the group's The tax charge rose from 20.5

Hillsdown rethinks expansion

per cent to 25.9 per cent

Maple Leaf moves ahead 16% Maple Leaf Foods, the food

processing group 56 per cent owned by Hillsdown, reported profits of C\$69.2m (238.8m), or 86 cents a share, for 1992, up 16 per cent, writes Robert.

Sales were C\$2.8bn, down slightly reflecting the group's withdrawal from the beef busi-

rise to about 30 per cent in 1993. The group is also facing problem but hopes to avoid paying any irrecoverable ACT

an advance corporation tax Minorities fell from £25m to division suffered a 60 per cent

in Canada and at Strong &

With the extra shares in issue, earnings per share fell as unutilised tax losses ran from 21p to 13.8p. An out. The tax rate is expected to 6.6p gives a maintained

> continuing operations was C\$17.8m, or 22 cents a share, against C\$19.4m, or 25 cents a share, on sales little changed

The company said disposals, heavy investment in facilities and rising efficiency had created a sound base for future growth in Canada and the US.

Food processing operating profits fell 10 per cent to £123.4m, with mixed results from the range of activities.

volumes hit the commodity end of the business. Poultry and egg profits rose 3.8 per cent to £27.3m. In non-food activities, furni-

ture profits were ahead from £12.6m to £14.8m. Profits from housebuilding property and specialist activities fell 59 per cent to £11.6m.

• Pre-tax profits of Strong & Fisher (Holdings), the leather and by-products group 70.3 per cent owned by Hillsdown, were below expectations at £2.23m after exceptional debits of 2562.000k The previous accounting

period covered 18 months when pre-tax profits were £2.43m after an exceptional debit of £4.55m. Sales were £83.6m (£114.6m). There was a tax credit of

£491,000 from the release of an unused provision. Fully diluted earnings per share were 1.05p

The annual dividend is

Fleming Emerging to raise £50m

By Phillip Coggan, Personal Finance Editor

FLEMING Emerging Markets, the specialist investment trust, is attempting to raise £50m to take advantage of what it sees as increasing investment opportunities in developing

The trust has conditionally placed 37.5m shares and is offering a further 12.5m shares 31 and it is expected that deal-

French group

sells Bristol

Water stake

Lyonnaise des Eaux Dumez,

to existing share and warrantholders by way of an offer for subscription. The shares are C shares,

which will bear the costs of the issue and so ensure that no dilution is suffered by existing holders. When the bulk of the proceeds are invested, the C shares will be converted into ordinary shares at asset value. The offer will close on March

start on April 6.

ment regulations. Templeton **Emerging Markets Investment** Trust is also considering rais-

Australian group sells 21.5% stake in Govett

the French water and construction company, has sold its 17.5 JAMES HARDIE, per cent stake in Bristol Water Australian building products The company sold more than group, has sold its 21.5 per cent 1m shares to Cazenove, the stake in Govett, the financial

stock broker, which placed them with institutional inves-The French group took stakes in a number of British water companies around the

By Philip Coggan, Personal Finance Editor

services group.
The holding of 16.1m shares has been bought by Bear Stearns, the US broker. Bear Stearns has sold 7.5m shares to Govett itself - 4.9m

earnings per share - the remaining 2.6m shares have been bought by the employee share options The deal was done at 208p,

below the market price. James

Hardie has announced it is sell-

ing off some of its peripheral holdings. Shares in Govett, which announced a 25 per cent rise in shares have been bought back Monday, rose 3p to 235p yesterby the company to enhance

ings in the new shares will

Emerging markets are seen as attractive investments because they have higher rates of economic growth and underdeveloped stock markets, and because many governments are liberalising their invest-

share on pre-tax profits of I£32.7m, aithough he said "there could be some upside on that due to the strength of the dollar".

five years.

warns of £1m loss fell 4p to 22p yesterday following a warning from the directors that the USM-quoted hotels, golf and leisure centres group would incur a pre-tax loss in excess of 21m for the year to March.

Tomorrows Leisure

That would compare with profits of £731,000 (£860,000) for the previous 12 months and with a deficit of £110,000 for the opening six months of 1992-93.

SBC Client

The Polish Government

Acquisitions | Candover assets up 9% help Kerry but new activity halves rise 19% to I£28.7m

By Charles Batchelor

CANDOVER Investments, an investment trust specialising in management buy-outs, increased net assets per share and pre-tax profits in 1992 but saw a halving of its new investment activity.

Mr Roger Brooke, chairman, said it would take only a modest economic recovery to produce a significant increase in the value of Candover's investments, but it remained difficult to read the UK economy, The sharp decline in interest

rates would, however, make it considerably more difficult to maintain income levels from the company's cash and investments in short-term securities

this year, he warned. Net assets per share rose by

ended December 1992 while fully diluted earnings per share rose 12 per cent to 13.7p. Candover proposes to pay a final dividend of 6.5p, making a total of 10.25p, an increase of 8 per cent. Pre-tax profits rose by 4 per

cent to £4.1m. Because the tax charge was smaller than expected, profits after tax rose by 11 per cent to £3.15m. Net assets increased by 9 per

cent to £59.8m to show annual compound growth of 22 per cent in the eight years since Candover was listed. The FT-A All-Share Index has risen 14.3 per cent a year over the same period.

Candover was cautious about making investments in 1992 because of uncertainty about

when the recession would end while many companies deferred disposing of non-core activities by means of a buy-out in the hope they could obtain a better price by

The result of this was to reduce total investments by Candover and its managed funds to £45.8m from £89.8m in

Candover still had £100m available in its two main funds and so did not have to think seriously about raising new finance, Mr Brooke said. Germany, which accounts for half of Candover's non-UK investments or 5 per cent of its total assets, has been a cause

Candover's shares rose 5p to

Estimated value

SKr944,000,000

ECU53,350,000

LATIN AMERICAN FINANCE AND INVESTMENT SURVEY

On the 29th March 1993 the Financial Times will once again publish an up-dated survey that will take an in-depth look at finance and investment across a region that continues to excite interest amongst international investors.

The survey is timed to coincide with the opening of the Inter-American Development Bank meeting in Hamburg at which copies will be distributed to delegates. To advertise within this survey contact

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FT SURVEYS

NOTICE OF REDEMPTION

time of the industry's privati-

Public Service Electric and Gas Company

First and Refunding Mortgage Bonds 9 XX Series S Due 1996 Outstanding Under Supplemental Indenture
Dated January 1, 1986

NOTICE IS HEREBY GIVEN that Public Service Electric and Gas Company, under and by virtue of the provisions of its First and Refunding Mortgage Bonds, 9%% Series S due 1995, and the Mortgage indenture securing the same dated August 1, 1924, made by said Company to Fidelity Union Trust Company (now known as First Fidelity Bank, National Association, New Jersey) as Trustee, and the Supplemental Indenture dated January 1, 1988, supplementing said Mortgage Indenture and providing for the issuance of said Bonds, has exercised the option and right reserved by it to redeem and will redeem all of its outstanding First and Rehunding Mortgage Bonds, 97% Series S due 1996, on April 14, 1993 ("Redemption Date"), by paying the redemption price of 101.50% of the principal amount thereof and the amount of interest which shall have accrued on said Bonds on the Redemption Date. No interest shall accrue upon or in respect of any bond of said Series on and after the Redemption Date.

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By Hand The Chase Manhattan Bank, N.A. Institutional Trust Group Window 1 Chase Manhattan Plaze, Floor 1-8 1 Chase Manhattan Pla New York, N.Y. 10081

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by check drawn on, or by transfer to a United States dollar account maintained by the holder with a bank located in the City of New York.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY Detert: March 10, 1993



BANK OF GREECE

US\$300,000,000 Floating rate notes 2003

The notes will bear interest at 4% per annum for the period 9 Harch 1993 to 9 September 1993. Interest payable on 9 September 1993 per US\$1,000 note will amount to US\$20.44.

Agent: Morgan Guaranty Trust Company

JPMorgan



CREDIT LYONNAIS

US\$100,000,000

Floating rate notes 2003 The notes will bear interest at 5% per annum for the period 10 March 1993 to 10 Septembe 1993, Interest payable on 10 ember 1993 will amount to US\$127.78 per US\$5.000 note and US\$2.555,56 per

Agent: Morgan Guaranty Trust Company

LIS\$100,000 note.

JPMorgan

PAN-HOLDING was LISD 284.843.950.42. Le. USD 517.90 per share of USD 200 par value. The consolidated net asset value per share amounted as of

February 28, 1993 to USD 535.21.

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Swiss Bank Corporation acted as an adviser on a total of 40 transactions in 1992 aggregating approximately US\$ 13,000,000,000 equivalent value.

maker, Kloster Speedsteel AB, to Eramet SLN of France.

Adviser on the sale of a 51% interest in Huta Warszawa SA

to Lucchini SpA and negotiation of terms of a Joint Venture.



Boost from money market and Winterflood sale

Union cuts loss to £16.3m

A TURNROUND in its core money market operations and the sale of its equity marketmaking business for £19m meant that Union Discount, London's oldest specialist discount house group, could survive as an independent company, Mr George Blunden, chief executive, said yesterday. Announcing a pre-tax loss of £16.3m, an improvement on the 223.6m loss the year before, Mr Blunden said Union had succeeded in returning to break-even at the operating ever, the group is not paying any dividend for the year

Talks about a sale of the group had been called off last week because the unnamed potential bidder failed to offer enough for Union's troubled leasing business, Mr Blunden said. The group is now planning to reorganise its remaining leasing operations, selling some parts and running off the

The sale of Union's 90.5 per cent stake in Winterflood Securities, the specialist smaller companies marketmaker, was intended to provide the capital

operations, allowing it to expand into more profitable areas of trading such as bond arbitrage. Winterflood made a profit of

\$4.42m for the year, reflecting a return of interest in smaller The performance of the

group was held back by a loss of about £3m on the day sterling pulled out of the European exchange rate mechanism in Since then the discount

house operation had been prof-itable. Discount house operat-

25.1m, compared with £2.6m

After higher provisions over leasing in the first half, Union made no further provisions for the year. Operating losses in asset financing fell from £16.3m in 1991 to £7.6m. If Union fails to find a buyer for its leasing assets, it could face extra costs of an estimated 17m over the next three to four years, said Mr Blunden.

Losses per share, at 78.2p, were down from 98.9p. Net assets per share fell from 300.63p to 187.92p, though the sale of Winterflood edded a fur-

Close seeks funds for purchase

By Peggy Hollinger

CLOSE BROTHERS yesterday embarked on its first cash call as it sought funds for the £19m acquisition of Winterflood Securities, the small companies marketmaker. The merchant bank announced a placing and a 1-for-7 open offer of 5.5m shares at

315p. This will raise £17.3m towards the acquisition of Union Discount's 90.5 per cent stake in Winterflood and £3m in debt. Close shares rose 4p to 344p.

Brian Winterflood who set up the business in 1988, will be granted incentives as part of the purchase agreement.

These include options over 15 per cent of the marketmaker - which could bring management's stake to almost 25 per cent and 5 per cent of Winterflood's profits

Mr Winterflood said the firm would be run as it always had been - "with no interference from big brother". He has plans to expand the business organically and through expansion in the

Mr Peter Winkworth, an executive direc-

tor of Close, said Winterflood would be a "very good strategic fit".

Close also reported a 6.7 per cent advance in pre-tax profits to £6.8m for the six months to end-January. The interim dividend is incre

with profits from 3p to 3.2p. Earnings per share rose from 11.56p to

The loan book was ahead 3 per cent at

Pict Petroleum ahead | AJ Archer agrees to on weakened pound

By Peggy Hollinger

A WEAKER pound helped Pict Petroleum, the oil exploration company, report a surge in interim profits from £1.1m to 22.9m on turnover 19 per cent lower at £4.8m, against £5.9m. Mr John Lander, managing director, said currency gains

had contributed £1.4m, against last year's £442,000 loss, to pretax profits for the aix months The stronger dollar and

weaker pound had also helped

price from \$19.50 to \$18.76 per barrel. Sterling barrel rates averaged at £10.94, against £10.99 last year. Mr Lander said the exchange rate was likely to continue to benefit the group in the second half. "With a stronger pound, if nothing goes wrong, it should be a very good year-end." he said.

Cash balances rose from £15.9m to £16.9m, helping to boost interest income from 2254,150 to £627,887.

Earnings were 5.66p (2.97p).

buy Castle Holdings

By Richard Lapper

AJ ARCHER Holdings, the quoted Lloyd's underwriter, has reached agreement to acquire Castle Holdings. The amodiation will form one of the largest agency groups at the Lloyd's insurance market. Castle shareholders will

receive 12.5m Archer ordinary hares, valuing the smailer group at about 25m.

The takeover will create an agency managing 15 syndicates, with a combined capac-

2391m. Although the group will still be significantly smaller than Sturge Holdings, the market leader with managed capacity of more than 2700m, it ranks alongside such agencies as Merrett, Wellington and Murray Lawrence.

The agency will also handle the affairs of some 640 Lloyd's Names - the individuals whose assets make up Lloyd's capital base - as a result of the merger of its members'

Singer & Friedlander faces new £8.6m claim

By Robert Peston, sing Editor

SINGER & Friedlander, the banking and property group, said yesterday it faces a new claim for damages of £8.6m from the department of trade and industry stemming from Singer's role as adviser to interests connected with Barlow Clowes, the fraudulent iment group.

The company said the new claim was "in relation to Singer's role in connection with Barlow Clowes and the bid for Buckley's Brewery in 1987".

Last May, Singer disclosed that it and three other City firms faced a separate claim of \$40m from the DTL Singer also announced yes-

terday that its pre-tax profits fell 61 per cent to £6.05m in 1992. However, the fall was attributed to an exceptional debit of £10.1m to cover the fall in value of properties held for long term investment.

Without this debit, pre-tax profits would have risen 5 per cent to E16.3m.

There was a 33 per cent rise to £9.29m in trading profits from banking operations. Mr John Hodson, chief executive, said this was in part attributable to a "big turnaround" from losses to profits in a business which sells the high yielding debt of South American

companies. He added that there was also strong performance from the corporate finance department's offices in Leeds and Nottingham, which give advice to small and medium-size companies. Singer's property division made profits of 23.05m, down from 23.12m. The fall was attributable to a rent free period granted on a new investment, now fully let.

Earnings per share, excluding the exceptional item, rose 22 per cent to 5.86p. The total dividend was raised from 2.5p to 2.6p via a

Wates incurs £75m loss and omits final pay-out

By Paul Taylor

WATES CITY of London Properties, the property invest-ment and development group, yesterday reported a £74.9m pre-tax loss for 1992 and passed its final dividend. Net assets per share more

than halved to 74.4p (151p). The deficit, which compared with previous profits of £8.17m, largely reflected the transfer of a net £71.9m deficit on the revaluation reserve to the profit and loss account, coupled with a £8.77m loss taken properties.

Net runtal income tocreased by 5 per cent to £15.8m (£15m) but interest payments climbed to £8.77m (£3.92m) and largely accounted for the decline in profit before exceptional items to £5.77m (£8.17m).

Losses per share of 60.91p compared with earnings of 4.33p. With the final dividend omitted shareholders are left with a 0.77p for the year - for 1991 they received an interim



Dundas Hamilton: relatively

of 0.77p and a final of 2.96p. Reflecting the continuing decline in property values net assets fell from £181.2m to 289.3m at the end of 1992. It was the third consecutive year that net assets had fallen. The worst affected part of the portfolio was development proper-ties which again fell by 44 per

investment properties dropped by 21 per cent.

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At the year and net borrow-ings stood at £90.9m (£91.2m), representing gearing of 102 per cent. In December the group rearranged its principal borrowings with a syndicate of four banks. The new five year £85m facility, which is secured on some of the group's proper-ties, replaced a £105m facility which was due to be repend in June next year.

Commenting on the results Mr Dundas Hamilton, chairman, said: "1992 has been without doubt the most difficult year in the history of the com-

"The failure of others in the property sector has led the banks to apply increasingly stringent lending criteria. We are fortunate that the company entered the recession with a relatively modest level of gear-

ing."
He added: "There is some evidence that the worst of the

Thorntons drops to £7m

LAUNCH COSTS for two lines of chocolates slimmed profit margins at Thorntons, the chocolate maker and retailer. The shares fell 10p to 200p as

the group announced pre-tax profits down 2 per cent, from £7.16m to £7.02m, for the helf year to January 9. Operating margins were

eroded from 15 per cent to 14.1 per cent, mainly because of the launch of the Select range and the relation of the Continental products in the UK. The group's UK retail

operations achieved sales of 239.3m, up 9.6 per cent on the

previous year. Mr John Thornton, chairman and chief executive, whose family owns 48 per cent of the shares, said profits were slightly under expecta-

In the four weeks to Christ-mas, UK retail sales grew 8.3 per cent on the previous year. The group said it was 2750,000 short of stock. The group's French subsid-

tary continued to make losses, although he said the full-year figure might be less than last year's £750,000 deficit, partly epending on currency fluctua

Sales in France rose to 25.3m (£4.6m). Interest payments

increased to £650,000 (£478,020) with net borrowings at the half year of £4.8m. The group has suffered because of relatively high French interest rates, Thorntons has between £7m and £8m in French franc long

Capital spending increased to 25m (£3.7m). The group spent £1m on shops, opening 30 more outlets in the UK bring ing the total to 442. It opened two more shops in France. The group spent 23.2m (£1.4m) on

Earnings per share slipped to The interim dividend is maintained at 1.25p.



De Beers



Centenary AG

EXTRACTS FROM UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 1992

- ◆ Profits decline by 35% to US\$ 491 million or by 33% to R1 413 million.
- Total dividends for the year reduced by 29% to 79.1 US cents or by 21% to 241.6 SA cents per linked unit.
- Mixed signals from markets, but an encouraging start to 1993.

PRO FORMA COMBINED INCOME STATEMENT PRO FORMA COMBINED BALANCE SHEET Rand million 1991 1992 27 227 24 349 Linked unit holders' interests 7983 8102 2.237 1.880 Diamond account 644 801 Preferred and outside shareholders' interests 348 3.50 117 211 208 3 404 (552 Long- and medium-term liabilities 1490 1241 579 197 Interest received 103 Net income before taxation 728 25 979 29 299 2 869 2 093 224 Represented by: 2958 3371 Attributable earnings . 2 120 1 413 491 Fixed assets 1 103 1 081 2 983 Equity accounted earnings __ 757 11 175 12 327 2 178 investments and loans 4 035 4 073 380 Number of linked units in issue (millions) 8 3 24 11 502 Diamond stocks 3 765 - 3 034 1 646 1 722 Trade advance 400 600 339 331 Stores and materials 108 124 - excluding retained earnings of associates 129c 200c 1 527 546 179 557 573c - including retained earnings of associates 199c 281c 785 25 979 29 299 9 590 9 469 87.0c 62.0c - per De Beers linked deferred share 20.3c 31.7c Market value/directors' valuation of all investments 220.5c 179.6c - per Centenary depositary receipt 58.8c 80.4c and loans including trade investments 5 418 8 385 26.876 26.819 307.5c 241.6c Total dividends per linked unit . 79.1c 112.1c Net asset value per De Beens/Centenary US Dollar/Rand average exchange rates linked unit ... 2304c 3102c R2.74 R3.06 US Dollar/Rand year-end exchange rates R3.06 R2.74 *The 1992 results have been converted at average exchange rates in line with current accounting practice and 1991 figures, previously converted at year end rates, have been restated.

Both the De Beers Consolidated final dividend (No. 146) of 34 SA cents per linked deferred share and the Centenary Depositary dividend distribution (No. 6) of 43.8 US deferred share and the Centenary Depositary dividend distribution (No. 6) or 4.30 US cents per depositary receipt have been declared payable on Wednesday, 26 May 1993 to linked unitholders registered at the close of business on Friday, 26 March 1993. That portion of the dividend distribution attributable to De Beers Centenary AG is subject to approval by that company's shareholders at the annual general meeting. The registers will be closed from 27 March to 8 April 1993. The full conditions relating to the dividends may be inspected at the offices mentioned below as well as the

It is with great regret that the directors record the death on 5 March 1993 of Dr Henry Dyer, who had been a director for 18 years and managing director of De Beers Industrial Diamond Division for 22 years.

COMMENT

As forecast in August, the profits for the second half of 1992 were down by much more than in the first half - a reduction of 49 per cent compared with 26 per cent - so that attributable earnings for the year were 35 per cent lower in US Dollars. The final dividends have been reduced by 37 per cent resulting in total dividends for the year

being 29 per cent lower. In Rand terms those last three figures are 33 per cent, 30 per cent and 21 per cent respectively. After allowing for the final dividend net current assets at US\$ 179 million were lower by

US\$ 378 million and long- and medium-term borrowings increased by US\$ 249 million to US\$ 1 490 million – an overall change of US\$ 627 million. Borrowings are more than twice covered by facilities. Stocks rose by US\$ 731 million to US\$ 3 765 million. Consumer attitudes to diamond jewellery remain positive. While final figures for world retail sales of diamond jewellery for 1992 are not yet available, it looks as though such sales will have matched those of the previous two years with improved

sales in the United States between Thanksgiving and Christmas. However, European markets are sluggish and in Japan falling imports and retail diamond sales give reason for concern. Retail markets in the rest of East Asia continue to expand. The CSO restricted its sales in the latter part of 1992 and the balance between rough supply and demand in the cutting centres has been restored. The mood in those centres is now cautiously optimistic.

centres is now causously optimisme.

The February price increase of an average of 1.5 per cent has been readily absorbed by the market. Indeed, sales at the first two sights have been very good, though they have been stimulated by a number of exceptional factors, including the current scarcity of diamonds coming out of Angola owing to the rainy senson and the civil war; a hiatus in the supply of Russian polished owing to the imposition of a 20 per cent export duty (now being lifted); and unusual demand from India flowing partly from the Rupee becoming fully convertible and partly from increased offtake from the United States.

Copies of the provisional annual financial statements and dividend notices will be posted to linked unit holders on or about 11 March 1993 and will also be available from the following offices:

De Beers Consolidated Mines Limited 36 Stockdale Street

South Africa

CI i-6000 Luceme 14

Anglo American Corpor of South Africa Limited Charterhouse Street idon EC1N 6Q6 England

N Midland decline continues

PROFITS continued to decline at North Midland Construction last year. Following the halving of profits to £555,000 in 1991, the result came out at X159.000.

Turnover fell 25 per cent to £18.2m (£24.1m). Earnings per share were 1.8p (3.8p). A final dividend of 0.3p is recommended for a total of 0.6p (1p).

Kleinwort Develop net assets fall

Net asset value per share of Kleinwort Development Fund stood at 313.22p at January 31. That was a decline of 13.82p on the figure of 12 months earlier and 7.67p on the July 31 year-

end value. Earnings per share for the

half year to end-January improved to 5.88p (5.02p) and the interim dividend is again

NEWS DIGEST

USDC lifts net

asset value by 13%

USDC Investment Trust lifted

net asset value from 192.1p to 216.4p per share, last year. The trust, managed by GT Management, reported net revenue of £2.05m (£1.95m), equivalent to earnings of 5.59p (5.33p) per share. The recommended final dividend is held at 3.25p to bring the total for

Hambros Bank

backs radio bld Hambros Bank is backing a management-led bid for RFM. the French radio network which went into receivership

following the collapse of Crown Communications.

The main contenders for the

network are thought to be the management team led by Mr Andrew Manderstam, who has run RFM since Crown took over in 1989, and a consortium led by NRJ, a rival network.

Under the plan, which would involve financing of some £12m and an immediate injection of £1m, Hambros European Ventures Development would take 26 per cent of the equity. A media subsidiary of La Caisse de Depots, the French government investment bank, would

take 20 per cent. The magazine L'Evenement de Jeudi would also take 20 per cent and the staff would sub-

British Data £5.13m property buy

British Data Management is paying £5.13m for a 983 year unexpired leasehold interest in a property in east London. About £2.01m of the consider-

ation is being raised by the placing of 1m shares at 202p each.



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FINANCIAL TIMES SURVEY

CREDIT MANAGEMENT

Wednesday March 10 1993

The avalanche of bankruptcies, many caused by mismanaged cash flows. and the tenuous state of company finances have dramatised the need for better credit controls by borrowers and lenders. They have also fuelled demands for legislation to penalise late payers. Charles Batchelor reports

In the teeth of the gale

traditionally been seen as an unglamorous, back-office job. While the sales team got the expense account hunches and the smart cars, the credit controller ate in the canteen and went home by bus.

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Until the onset of the recession, that is. Spiralling failure rates, ever-lengthening payments delays and a crunch on company cash flows have brought home the importance of efficient credit management. Ineffective credit controls have meant that many otherwise viable businesses have gone to

The old excuses for not taking action to reduce credit risk have been discredited, says Ms Barbara Bennett, corporate affairs manager at Trade Indemnity, Britain's largest insurer of domestic trade

Among the famous last words of doomed businessmen she lists: "All my clients are blue chip" and "I have known the company for 20 years. I was playing golf with the managing

director only last week," The credit management sector has two main elements; the in-house credit controller who attempts to ensure the compeny only does business with customers who can pay on time; and the external suppli-

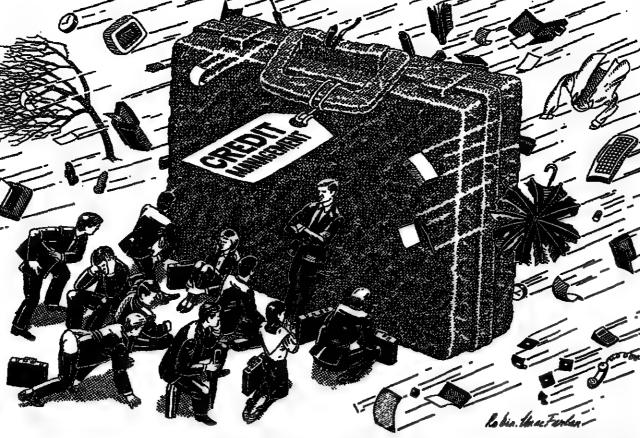
CREDIT management has ers of credit services. These include the business informa-tion providers which credit rate companies, the factors, the credit insurance groups and the debt-collection agencies.

Companies in Britain employ about 80,000 credit controllers or managers, calculates Mr Peter Allen, chairman of the Institute of Credit Management. But there is often no career structure and their status in many companies is low.

"Many senior managers are reluctant to employ a specialist," says Mr Allen. "This is despite the fact that the person in charge of the debtor ledger typically is in charge of 40 per cent of the business's current assets, more than anyone else in the company apart from the managing director." To boost standards the insti-

tute, which has 8,000 members, runs training programmes around the country and plans to move to a system of examonly entry.

A more professional approach to credit management is the only way to improve the payments position of British companies, says Mr Peter Rowe, the institute's director general. The welter of proposals which have been made to ensure that compa-nies, particularly small busi-nesses, get paid on time will



not solve the problem, he

One proposal, so far rejected by the government, is for legislation to give companies a statutory right to interest on unpaid bills. This idea has the backing of the Forum of Private Business, a small business lobby group, Dun & Bradstreet, a business information group and intrum Justitia, a debt collection agency.
But others, the institute

included, believe it would be unduly complex to administer and unlikely to make a difference to companies which did not wish to offend their cus-

The government has responded by financing three pilot projects run by a chamber of commerce and two trade associations to establish "model" procedures for speeding up payments. It has also streamlined county court pro-cedures for collecting debt. The

improvements include dispensing with preliminary hearings in all but exceptional cases, allowing judges to help liti-gants who are not legally represented and requiring judges to explain their decisions

Another move by government is to require large companies to declare in their annual report the time it takes them to pay their suppliers. The gov-erament has published a consultation paper aimed at finding the most acceptable method of providing this information. But many finance directors and accountants are sceptical that the numbers would be meaningful unless the average contractual payment terms agreed by individual companies and by the industry sector were also pub-

A separate initiative has also been taken by the Confedera-tion of British Industry. More

than 400 CBI members have signed up to a register of companies which guarantee to make prompt payments. The code has been criticised as depending on the goodwill of participants and for lacking

real teeth.

The institute, for its part, has suggested that payments performance should be one of the areas included in BS5750, the quality management standard which has been adopted by several thousand companies. But the government wants to see if other methods work first while the British Standards institution is unwilling to add another element to its standard. A separate prompt payment kitemark might be the answer, says Mr

That some action needs to be taken is evident from the poor payments performance of Brit-ish companies. UK suppliers normally quote payment terms says Mr Brian Bailey, manag-

of 30 days but wait 80 days to get paid, according to the British Association of Factors and Discounters, German and Dutch companies also normally quote 30-day terms but wait just 50 and 45 days for payment.

A recent survey by Trade Indemnity showed that of the 800 UK companies it contacted just 3 per cent had been paid on time. Large companies frequently pressurise small suppliers with the threat of losing all their business unless they agree to very disadvantageous navment terms.

Despite the fact, or perhaps because, the payments record of British companies is so poor, the UK has the most developed credit management industry in Europe. "We are ahead of continental Europe in terms of the amount of business information which is available and our expertise in assessing risk."

ing director of UAPT-Infolink, a large provider of business

and credit information.
Business information groups such as Dun & Bradstreet International, Infocheck, ICC and UAPT-Infolink provide a wide variety of credit assess ment services in both hard copy and electronic form. A salesman can now call up credit information in his car before visiting a potential cus-

The factoring companies have been expanding their business in recent years and could benefit from the end of the present recession if the banks prove reluctant to provide conventional overdraft lending. The factors provide a range of services ranging from taking over the management of their client's sales ledger to simply providing cash against involces. More than 9,000 com-panies with a combined turnover of £16bn make use of factoring or invoice discounting

The domestic credit insurance industry has been dominated by one company, Trade indemnity. But new competition in the form of NCM Credit Insurance, a Dutch group which acquired the short-term export credit insurance arm of the Export Credits Guarantee Department, has emerged. NCM claims a 5 per cent market share after its first year of operations against the 80 per

cent held by Trade Indemnity. These different sectors of the credit management industry make extensive use of each other's services. The factors offer credit insurance as an add-on to their core activities of managing sales ledgers and providing cash while the credit insurers and the factors make use of the business information

groups.

Many of these groups have also diversified into related fields of business. Dun & Bradstreet and UAPT-Infolink both have debt-collection operations. Trade Indemnity has a half-share in a factoring company, Trade Indemnity-Heller Commercial Finance, while infocheck has developed a credit insurance service and also linked up with International Factors to provide facIN THIS SURVEY

Credit rating: intelligence about customers is big business with many newcomers ☐ Rules of engagement: the procedures to use for good credit management; 🗆 Companies House: a

statutory old nuisance is becoming an aggressive commercial outfit...... PAGE 2 ☐ Factoring: the economic recovery will offer golden opportunities to factors and invoice discounters; Profile: Household Mort-

peny as big as a buildingPAGE 3 Late payment: legislation is mooted for a problem exacerbated by recession: Debt recoverers: a record year despite hard work and an abiding image problem; ☐ insurance protection: It was started by a man called Cuthbert Heath..... PAGE 4 ☐ The legal maze: a guide to the costs and complexitles of going to court;

gage Corporation, a private residential mortgage com-

Computers: the power to do a lot more than mere credit aconing...... PAGE 5

toring and invoice discounting. "Businesses have become aware that they can substitute one service for another," says Mr Bruno Tavernier, a director of ICC. "There is more competi-tion between the different parts of the credit management industry."

But before they make use of outside services such as these, managers must ensure that their internal credit controls are good. "People don't help themselves," comments Mr Philip Mellor, marketing manager of Dun & Bradstroet. "They don't agree terms in advance or call to check that the goods delivered were satisfactory.

Three years into a recession the credit specialists still find alarming examples of poor credit management. Says one: "If people put as much profes-sionalism into credit management as they do into sales they would be much better off."



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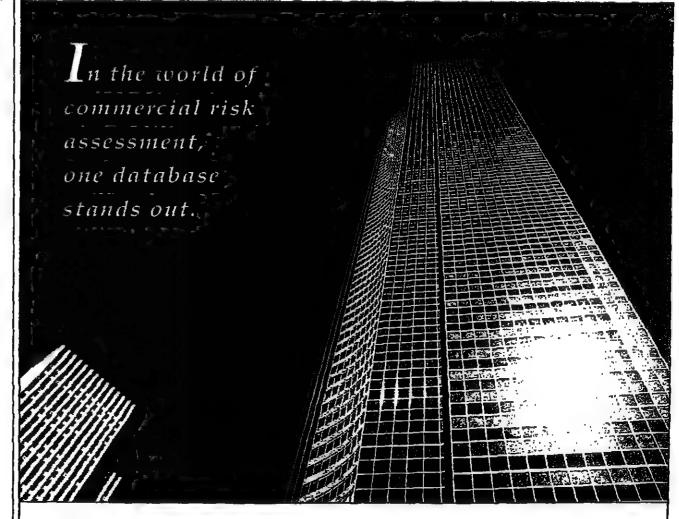
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market has expanded significantly over the past decade. New players have emerged to challenge the old-established groups and the demand for ever-faster credit decisions has both pushed and been pushed by rapid technological change.

At the same time, only a tiny percentage of commercial sales decisions are taken on the basis of information provided by an outside credit rating agency. The challenge for the industry is two-fold: to convince more businesses of the need for properly informed sales decisions and to refine the technology to make this

Credit vetting should start at the sales stage," says Mi Philip Mellor, marketing manager of Dun & Bradstreet Inter-national (D&B), which claims to be the largest provider of husiness information in the UK. "The sales force will become disillusioned if it takes an order which is not accepted by the credit control department. Consider that the average cost of a sales call is £150." A credit control policy should enable the sales people

to concentrate on customers who will be the most profit-able," says Mr Brian Bailey, managing director of UAPT-In-folink. "Yet often this is hampered by a conflict between the sales director and the finance If these barriers can be bro-

ken down the potential for the

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is enormous. Only one in 15 taken with help of "third party" information, calculates Mr Mellor. Mr Bailey puts the information, calculates figure at "a few percent".

The reason for this reluctance may lie in the availabil-ity of business information in the UK from one central source, Companies House. Compare this with continental Europe where company information is often lodged with local chambers of commerce or even the US, where relatively few companies - 17,000 against

of the information companies. The task for the information provider is to collect the pub-lished information available – company reports, county court judgments, directors' disqualifications - and to supplement this with unpublished information on the past payments performance of companies and individuals. Where the infor-mation companies add value is in bringing this disparate information together in a single credit report and, even more important, interpreting it for their customers.

Business investigation is a growing activity, but it still influences very few commercial sales

900 000 in the UK - are required to file returns. But the value of this information may be more apparent than real, the business information groups claim. Companies House data can be up to 15 months out of date. In boom times, let alone a recession, this delay can conceal payment problems at a company.

Fortunately for the credit rating industry demand for credit information comes not just from the corporate enduser but from a host of intermediaries, financial groups such as finance and leasing companies, factors and the credit insurers. Although they collect a great deal of information themselves they provide a

It has been in the market for consumer information where the most rapid growth occurred during the 1980s. Increasing affluence led to a rise in the purchase, on credit, of expensive consumer durasuch as video players, cars and boats. At the same time the deregulation of financial markets meant that many more financial products, also involving long-term financial commitments on the part of the purchaser, became avail-

there was often very little information available on the ability of the private individual to meet his credit commitments. And whereas a supplier could take security on the assets of a company or the per-sonal assets of its directors there was less security available when granting credit to a private individual.

Unlike the commercial sector

Some of the information providers have their origins in serving the consumer market, providing information to mail order houses, for example, while others come from a commerciai background. As time has gone by commercial pressures have forced the larger groups to provide both sorts of information, either by collect-ing it themselves or by establishing links with companies which could fill the gaps in their portfolio.

There are considerable benefits from being able to provide both commercial and consumer information, says UAPT-infolink's Mr Bailey. "With new companies which do not have a trading record it is important to be able to flip over into our

ON THE last Friday in

January this year, Companies

House, the government's cor-

porate information agency, had

a bumper delivery of mail: the

equivalent of nine normal

days' worth. On Saturday it had two days' deliveries. On

Sunday, couriers brought another four sacks.

A few months ago, such

enthusiasm would have been

implausible. But the timing

marked the end of the period

in which accounts from the

many companies incorporated

in March are required to be

filed. More important, it was

just half a year since the

agency launched its crackdown

on companies failing to make

their filings within the legal

That is just one example of

how Companies House has

begun to change, from a statu-

tory nuisance which was

largely ignored into an aggres-

sive, commercially-oriented

agency being used increasingly

by businesses and individuals

porate information.

eking a growing range of cor-

One accountant who files

hundreds of company accounts

each year says the change has

been enormous. "You could get

away with murder in the past,"

he says. "You felt unlucky if

personal database with infor-mation on directors." UAPT-Infolink claims to be the oldest UK credit information organia company to borrow and lend, sation, tracing its origins back to 1842 and the foundation of the London Association for the Protection of Trade, a mutual association of traders to exchange information about their customers. Amalgam-

The other main players in the business information mar-ket have also broadened their scope. D&B has established links with Equifax Europe (UK), a consumer information group, while CCN which started out providing consumer information, now offers commercial information services. ICC Information Group specialised at an early stage in the financial analysis of companies and industry sectors and still provides a range of City-oriented services but it too offers credit checking infor-

ations turned the London asso-

ciation into a united associa

tion or UAPT in 1965.

The information collected by these organisations is available in many forms, in hard copy, print, by post, telephone, fax, viewdata or computer link-up. increasingly information is required immediately to permit sales decision, so on-line services have grown in impor-

Customers with a heavy demand for information may take out a subscription while those with only intermittent need for information may buy one-off reports. Some customers may require a detailed financial report while others may make do with a quick credit assessment. "We have a modular system which allows us to carry out checks to different levels of detail depending on the risk," says Mr Kevin Still, marketing manager of

Some of the information groups provide a written summary of the company being assessed while others have devised short-hand codes to convey a credit rating.

The result of all this work on compilation and analysis has been to make information much more readily available to a broad range of users. "The small firm can now exploit information which would have only been available to the bigcompany 10 years ago, says Mr Bruno Tavernier,

they traced you for not filing

on time. We used all the old

excuses which allowed us to

stall for months on end, saying

the director was out of the

country and that we couldn't

get a signature."
Many companies were reluc-

tant to file, since they did not

want people to be aware of

their financial position. Others

simply did not give priority to

completing the accounts of

many of their subsidiaries.

Whatever the excuse, those

BORROWING dulls the edge of husbandry, and lending is fraught with risk too. But Polonius was only half right when he warned against both. Good credit management is about following rules. It is not expensive or complicated. Nor should it stifle a company's wish to be creative and flexi-ble, within limits. It can allow

oil the wheels of the business, and emerge unscathed. Striking a balance might seem hard: go easy on credi-tors and you could be taken for a mug. Hire a couple of beavies to pick up a debt, and you may lose a valued customer. Pay your bills late too often and you will get a bad name, and risk losing discounts and after

sales service. Essentials for a credit man-ager are persuasion skills and brinkmanship, says Mr Burt Edwards, fellow of the Institute of Credit Management. You must press for payment according to agreed terms, but must back off if there is a genuine

If you are about to start up, seek expert advice on the law and best trade practice. But there are rules any company can follow to improve internal procedures.

The Confederation of British Industry offers the following guidelines to improve credit have a written contract,

stating your terms and conditions. In particular, it should give clear terms of nayment. agreed and understood before you trade. Payment periods should be compatible with cashflow

• check creditworthiness. Limit risk by running a customer through credit rating agencies. "No-one in their right mind would buy a house with-out a survey," says Dr Ian Peters, a CBI deputy director. • personal contacts. Get to know the people in the accounts or sales departments. Know who to speak to if payment or delivery is late.

employ someone solely responsible for credit management. "It is the Cinderella of small business management. says Dr Peters. "Yet it can make or break a company. It is at the heart of business survival but it is often seen as a clerk's job.'

 set down a time limit for payment beyond which you cannot go. If a buyer wants terms which your company cannot finance, say No. "A good manager knows how far the company can go in being flexible," says Dr Peters. "But it is important to set out the

have a clear and consistent.

for instance, it must file by

December 38 that year, not

But Mr David Durham, the

agency's chief executive, is

unrepentant. "There are people

82 per cent of accounts and

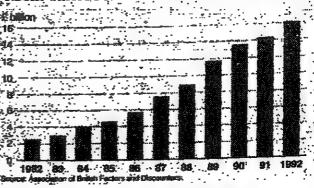
annual returns are now made

Andrew Jack examines the changing role of Companies House

Where the whip is cracked

What was once only a statutory nuisance is

Total turnover of clients of UK factors



GUIDE TO PROCEDURE

Brinkmanship is not enough

system for chasing payment. It might go like this: a reminder is sent out, automatically, the day after a payment date has passed. Further written reminders may follow although it is probably better to get on the phone if no payment is made after repeated reminders. Telephone the company or go in person. If payment is still not made, it may then be appropriate to send a solicitor's letter, threatening court action. Do not be reluctant about recourse to the law, but

 procedures between customers and suppliers should be compatible. Most large companies use a computer system and standard invoices. Quote reference and order numbers. Get the numbers right, address invoices correctly and send them to the right person.

use your judgment on when it

is appropriate.

A company might benefit from handing over credit management to someone else, such as a factor. "This can speed up payment and provide security," says Dr Peters. But you should consider the cost and whether it is appropriate. "If your supply network is straightforward you probably don't need one, but you might if you're in a tricky area. The cost of factoring could be a price worth paying for peace of

Much depends on consistency, thoroughness and an understanding of when to be flexible. Beyond this, you should know something about business law.

Few companies bother to draw up detailed terms and conditions, fewer still read them, but they can put you

simply by company - and a mortgage register, both priced at below the standard 23 basic

in the longer-term, there are

proposals for electronic filing

of company returns. Wider

company search fee.

First, ensure that your terms and conditions apply, says Mr Simon Rawlins of London solicitors Baileys Shaw & Gil-

Terms and conditions must be incorporated into the contract at the outset when agreeing an order, otherwise you will be unable to make any of your terms stick in a dispute. If you are agreeing a deal by telephone, specifically mention that the contract is subject to your terms. Confirm this by sending an acknowledgement of the order with your terms

on the back. A few well-chosen clauses could help to improve your legal position. Mr Rawlins suggests the following: retention of title. This

means the seller retains legal ownership of the goods until they are paid for. It will help

get your goods back if a customer goes into receivership.

limit your liability. In the unlikely event of your goods proving to be defective, your liability should not be

allow flexibility in your delivery dates. A clause could set out, for example, that you are entitled to deliver on the agreed date, or in seven days.

interest provision. Include a charge for interest on late payment. "It is worth having the option to charge interest even if you do not always use it,"

says Mr Rawlins. Mr Rawlins's final tip on legal protection: keep written notes of all stages of a contract, including phone conversations. "Courts like pieces of paper. If a dispute arises, a court will want to know whether there is any evidence in writing which you can point to to support your case. If you do, you have a much greater chance of judgment in your favour." And it could greatly

speed settlement.

"It is getting the simple things right every time," says Mr Rawlins. "Have a credit policy, have a set of terms and conditions, know when and how to incorporate them into a contract and ducument your transactions as well as possible. Beyond that, everything else is a commercial risk, but getting all that right will keep the risk to acceptable levels."

□ Further information: Local Enterprise Agencies or Chambers of Commerce: Institute of Credit Management, Easton House, Easton on the Hill, Stamford, Lincolnshire, PE9 3NH; Confederation of British Industry, Centre Point, 103 New Oxford Street, London, WCLA

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becoming an aggressive, commercial agency that are tardy now face substantial fines and even the prospect of a criminal record if

they do not comply. The new regime has not been Introduced without difficulties. in the latest of a long line of complainants, the president of the Institute of Chartered Accountants in England and Wales wrote to the Prime Minister earlier this year concerning the pedantic interpretation of the time limit for filing which is seven months for public companies and 10 months for others. If a private compa

ny's year-end is February 28,

on time, against 68 per cent a year ago and 40 per cent in the mid 1980s. For accounts alone, timely returns are now running at 91 per cent.

The mere fact that these performance figures are available so readily indicates something of the changes taking place. "It used to be that if I had a query and called up three people at Companies House, I got three different answers," says one large user. "Now we are seeing the sort of service the public should be entitled to."

That partly reflects the greater autonomy now placed on officials at the age based in Cardiff. Formally it is still part of the Department of Trade and Industry. But it became the second executive agency under the government's Next Steps initiative in 1988. In 1991, it became a trading agency, giving it even greater managerial and finan-cial independence and effective

ownership of its assets.

Mr Durham's comments are peppered with concerns to provide what the consumer wants. There is an emphasis on user groups and new publications. A few years ago, users of com-pany information had to present themselves physically at the offices to obtain data. Now they can order fiches by phone. get some information by computer and even have searches faxed to them at a premium

Substantial further change is still in the offing. This summer should bring the introduction of two new services: a computerised directors' register accessible by name rather than

who if you give them an inch will take a foot," he says. "You requests under consideration include access to information may say it's bureaucratic, but this way everyone has a very by VAT numbers. clear mandate to work to." The new approach has certainly been impressive. He says that

But a dark cloud of uncertainty also hangs over the future of the service, which is making future planning extremely difficult. Mr Michael Heseltine the trade and industry secretary, announced a review of Companies House last summer which could lead to full or partial privatisation.

The conclusions are expected

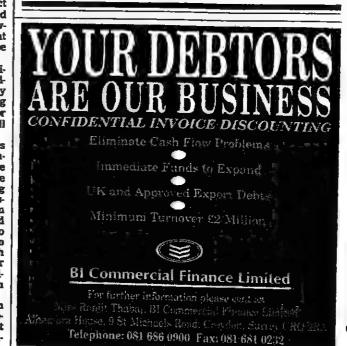
soon, and will be watched very closely. Staff are worried about their jobs, and senior managers about their roles and responsibilities. Rival company gents who process Companie House information are concerned about fair competition. Many users question the role of the private sector in collecting and storing statutory infor-

Meanwhile, users continue to express some disappointment about aspects of the service. Not least among their gripes is the recent decision to cancel a huge computerisation project which would have permitted far quicker capture and recoverv of information, and might have allowed documents to be electronically read.

They also say that insufficient scrutiny goes into the filing of returns, so that many have omissions such as failing to show the registered office or the names and addresses of all More generally, Companies

House sees its role as essentially cierical: to receive, store and retrieve basic corporate information, while examining for only the most cursory mistakes. No one in Cardiff, nor in the Department of Trade and industry in London, seems to look at accounts in detail to ensure compliance with accounting standards or wider regulatory issues, or to investigate concerns highlighted in auditors' reports.

That sald, David Durham argues that the UK still provides one of the most efficient sources of company information in Europe.



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 $g_{\alpha\beta} C(C(S_{\alpha}^{-1})^{-1} + m^{-1/(1+\alpha)})$



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FACTORS AND DISCOUNTERS

Fingers on the pulse

discounters believe that the economic upturn, when it comes, will be their golden opportunity for growth. Not just because increased economic activity will boost business but because the banks, chastened by their losses dur-ing the recession, will be very

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 $\Omega = \mathbb{P}_{\mathcal{L}} + \mathbb{P}_{\mathcal{L}} + \mathbb{P}_{\mathcal{L}} = \frac{\mathbb{P}_{\mathcal{L}}}{\mathbb{P}_{\mathcal{L}}} +$

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Sheila Jone

cautious with their lending. The factors, too, have had to absorb losses. But because they monitor their clients' performance far more closely than the bank manager does his, they are in a better position to spot when a company is running into trouble.

The factors themselves have been advancing this argument for many years but there are now signs that the banks, which own most of the larger factoring companies, are realising this too. In an appeal for closer cooperation between the banks, government and small business launched last month, Mr Brian Pearse, chief executive of Midland Bank. suggested that the banks should widen their use of factoring and invoice discounting to help businesses recover from the recession.

Although the banks own most of the large factoring companies, the relationship between the main branch networks and the factoring divi-sions has been uneasy. Many bank managers have regarded factoring as only suitable for their less creditworthy customers. The factors for their part have welcomed business which came to them by means of the branch network but have been refuctant to become too depandent on it.

Factoring involves a company handing over the management of its sales ledger to the factor in return for an immediate advance of up to 80 per cent of the value of its invoices. This represents a far more generous valuation of trade debts than the 35-50 per cent most bank managers would allow and can lead to a dramatic improvement in the company's cash flow. The factor monitors when his client's customers settle their bills and can warn of impending difficul-

Factoring is typically used by the smaller company which has not yet developed a sophisticated system of managing its sales ledger. For the larger company, with more highly developed credit management system, invoice discounting is more appropriate. The invoice discounter provides cash

Factors also absorb osses but are able to anticipate them

against invoices but the client retains control of his sales led-

Although concrete proof of the upturn has yet to come through there are already signs of an increase in factor-ing volumes. Sales financed by the UK's 11 largest factors rose by 13 per cent to £16bn in 1992 compared with a rise of only 2.5 per cent the year before, according to the Association of British Factors and Discounters (ABFD). The number of companies using factoring increased by 7 per cent to 9,221.

"We must be the only business financing sector which can point to growth," com-ments Mr Alan Hughes, chairman of the ABFD and managing director of Griffin Factors (part of Midland Bank).

Domestic factoring rose by 8 per cent to £5.6bn while invoice discounting increased by double that rate to £9,7bn. In spite of the imminent creation of the single European-market and publicity given to the importance of overseas trade; import and export factoring continued to be the laggard of the industry, rising just 7 per cent to £643m. An encouraging development was a 1 per cent fall in bad debts absorbed by UK factors to £13.1m - the

first drop in six years. One niche where factoring has established itself is in the financing of management buyouts and venture capital deals. More than 10 per cent of the factors and invoice discounters over the past two years has been linked to venture capital transactions, the ABPD calcu-

Increased enthusiasm on the part of senior bankers for factoring and the effects of an intensive marketing campaign over the past four years by the industry may succeed in break-ing down residual resistance to it as a method of finance.

For some business owners and managers, factoring retains an image as being a alightly unsavoury form of finance suitable only for companies about to fold. Even ownership of the main factors by the banks has not succeeded entirely in creaing this impres-

The number of companies using factors is steadily growing

sion, which dates from irreaponeible factoring activities as far back as the 1900s. A continuing problem for the

industry is a perception among many businesses that it is an expensive way of raising money. Apart from typically paying 3 per cent above bank base rate for the cash provided against invoices, a company would also pay between 0.75 and 3 per cent of turnover for the factoring service. Invoice discounting, which does not involve so much work on the part of the factor/invoice discounter, can cost between 0.1

and 1 per cent of turnover. For companies working on very narrow margins the cost of the service could prove a deterrent. For others, the factors argue, the savings achieved on the cost of running a sales ledger department and from being paid more promptly, more than outweigh

Now that all the large UK banks have their factoring arms there has been little change among the bigger players over the past year or so. Lloyds Bank has two separate factoring divisions, Alex Lawrie and international Factors. Barclays has Barclays Commercial Services, National Westminster has Lombard Nat-West Commercial Services while Midland has Griffin.

The past year has seen some changes among the smaller players, however. AIB Commercial Finance, part of the Irish AIB banking group, withdrew from invoice discounting at the end of 1992 after failing to achieve the scale of business it had hoped for. Kellock, a Bank of Scotland subsidiary, took on the continuing business in AIB's portfolio.

Venture Factors, which had been owned by the United Bank of Kuwait, was acquired in mid-1992 by IFN Factors, part of the Dutch ABN Amro Bank group. This made it the second Dutch-owned factor/invoice discounter in the UK alongside De Lage Landen. which is owned by Rabobank. Venture Factors plans to con-centrate on providing invoice discounting to the UK subsidjaries of continental European companies, says Mr Tony Cox,

managing director. A third development in the industry was the expansion of Causeway Invoice Discounting into factoring through the purchase of Finance for Business (Europe), a private company owned by a group of individual investors in the north west of

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Catherine Milton hears about the travails of a private mortgage company

From the depths of the slump

Household Mortgage Corporation, the privately-owned residential mortgage company. During 1990 he regularly consulted a "knowledge" engineer about his job.

He was not suffering from brain strain. The discussions he had were part of the company's attempt to speed up its underwriting but maintain consistency through automa-

The company, which is roughly the same size (in terms of assets) as the Chelsea Building Society, 12th or 13th largest in the UK, has traded through the housing slump, serving about 35,000 customers with about £2bn worth of business on its books.

HMC last year announced bad debt provisions of £4,16m for the year to end-March 1991, sharply up from £2.2m the previous year. This was relatively England, "By offering only modest compared with other invoice discounting we were lenders. Its pre-tax profits had more than doubled in the year with quite a lot of companies to March 1991 from £2.21m to which were fundable but £5.16m. The company says it identi-

precluded from doing business

where the administration and

the fastest growth sector.

sales ledger management left fied four priorities in the 1980s something to be desired," says as the need to maintain: Mr Brian Sumner, managing the quality of its loan book in a difficult market; • protection against fraud Causeway's move represents through scrutiny of applicaan intriguing development following several years in which

invoice discounting has been • fast turnaround of mortgage applications - generally within 24 hours; Charles Batchelor • current staff levels to han-

MR RICHARD ANDERSON is dle a larger volume of applica- combined efforts of several examples of what we would head of underwriting at the tions when the market recov-

> Automation seemed the logi-cal route. HMC turned to Infolink Decision Services, one of the UK's four main suppliers and designers of credit scoring

A report into credit scoring published last year by the Office of Fair Trading found that the number of lenders using some form of credit scoring system in the UK has grown recently.

The OFT said: "Credit scoring is now an established and integral part of the procedures of much of the credit industry. Credit scoring is used extensively by many if not all the major lenders in banks, credit and charge card issuers, finance houses, building societies, retailers, mail order companies and direct selling companies as well as other

Mr Anderson says: "We wanted the computer to do what underwriters have always done manually. For example, we wanted it to check the distance between a person's place of work and the property. There may be a very good reason why someone who gives a work address in the North of Scotland is buying in the South East of England, but it is unusual."

ienders."

The company believed computer could reach a level of consistency in underwriting which would normally take the people to achieve. The computer would also

leave underwriters free to attend to less straightforward applications where judgment is important. This consistency is a main

element in detecting fraud, but the system is also designed to deter fraudsters. Mr Anderson says: "There is a certain amount of shouting-from-thetree-tops. We want people who

Credit scoring is

established practice

among banks, credit and charge card issuers are considering these kinds of

frauds to know that their chances of success at HMC are But HMC wanted a system

capable of producing a report which would allow underwriters to see clearly how the computer had arrived at its conclusion and investigate as appropriate rather than simply scoring applications. It was at this point that

Infolink sent in the knowledge

engineer. This was to try and identify the values behind HMC's underwriting decisions. Mr Anderson says: "The psy-chologist was sent in to try and understand the way we underwrite. We will deal with a loan application and we will look at certain facets of that

application. "We had to give

and would not accept and the relative importance of different factors in that decision." Infolink studied the risk weighting HMC gave factors such as income, age and employment history, for each particular product It also looked at cases

which had been declined and the performance of those which had been accepted. Today, as each application form arrives at HMC, the operator will type in the name and address, which triggers a credit reference request. By the time the operator has finished inputting details, the credit reference will have been returned and will be weighted. An assessment breakdown form -

than 100 factors - is then produced for underwriters to check. The procedure usually takes about 10 minutes. The old manual system took an average of two hours assuming no distractions from colleagues or tele-

based on the scrutiny of more

phone calls. Mr Anderson insists that the system has no flaws, although he admits to having dotted a few i's and crossed a few t's in the early stages after installa-tion. The company is equally silent about the cost of the system. The OFT described cost of such systems as "substantial" and requiring a volume of business for the increased efficiency generated by its use to offset the cost within the life of

Mr Anderson said: "You are not talking about a £10,000 system. But it has already picked up a couple of cases of what we believe to be attempted fraud."

The company is also anxious to stamp on the idea that automation could lead to job losses. HMC has not reduced staff numbers since installation of the system, although some staff have been moved into customer services, to deal with the darker side of HMC's credit management - arrears man-

Mr Geoff Wagland, HMC's corporate affairs manager, says arrears management is one area in which computers are unlikely to make much of an increased contribution: "This is where the customer services element really comes into its own. This is where you need people, although computers can help.

All mortgage repayments are made to HMC by direct debit and the company will let customers know the debit has not been honoured before their bank does: "We will get on to a customer in difficulties very. very quickly so as to work out a solution that works for both parties."

He says: "If you have got it right in the first instance then customers don't get into difficulties without a good reason. That is why his company puts such emphasis on underwriting quality and its computerised credit system.

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A pernicious symptom of recession

ONE man's meat is another man's poison. Directors of big. publicly quoted companies might reflect on this if they boast about their cash manage ment achievements during the current financial reporting sea-

Reduced working capital is achievable in a number of ways including better stock control. But as every company accounts department knows. one of the crudest, if most effective, methods is to chase up customer debtors and keep supplier creditors at bay.

The problem of late payment always surfaces during a recession - when money is tight and banks are twitchy - and the economic downturn of the early 1990s has been no excep-

All companies suffer but small businesses with limited resources definitely bear the brunt. Legislation is planned which will force businesses of a certain size to state publicly in their annual accounts how long it takes them to pay their bills. But there are growing calls for tougher action, including compulsory financial penalties for offenders.

All the recent evidence suggests that the recession is lengthening payment delays. The Association of British Factors and Discounters says that the time taken for European companies to pay their debts increased on average by one third in 1992. Even in Germany, payment periods have

Trade Indemnity, the UK credit insurer, showed in a survey published last month that only 3 per cent of 600 compa-nies polled in December were being paid on time.

The additional cost of interest on borrowed money (or loss of interest for companies in the black) obviously feeds through to lower trading margins. Creditors without a formal funding facility, of course, will suffer bigger penalties so that profitable companies can run into serious cash flow difficulties. On top of this the cost of systems and resources allocated to address overdue debt should not be forgotten: nor can the VAT effects of late payment be overlooked. Busi-

nesses are often paying output VAT before the money has been received from customers, thus leading to a further cost All in all late payment could amount to 3 to 5 per cent of operating costs - a significant number in today's tough market conditions. German experience may indeed be worsening

 but given that the annual average payment delay in the IK is more like 78 days what is happening elsewhere is of more than academic interest The average collection period in the US is 54 days. The Department of Trade and Industry has issued a pay-

ments procedure. And the Confederation of British Industry, which says that late payment threatens the survival of one 'prompt payers" code. Only



400 businesses out of the 250,000 members have signed up though the list includes Esso, Boots, British Airways and Glaxo.

The Government's disclosure plan - which should be in force by the end of the year is the first legally binding initiative in the late payments area. The hope is that large companies will be embarrassed to admit to bad practice, and will therefore be shamed into pulling up their socks. The rights of redress for an injured party have always been available through the Sale of Goods Act - but many smaller suppliers are reluctant to cause a fuss for fear of losing out on

Private Business - believe there should be a statutory right to interest on overdue payments. All EC member states - except Britain and - have such a legal right but according to the European Commission there is no conclusive evidence that this improves the situation. McKevitt suggests that

rather than compulsorily debiting offending companies it may be better for the interest at least to be separately accounted for by businesses This would provide the DTI with evidence of the cost and effect of late payment to industry - and enable the Department to take better remedial action in future.

McKevitt acknowledges the administrative complexities of such schemes, but he claims the introduction of statutory interest in Germany has been beneficial for investment.

The idea of a prompt payment standard - or kitemark has recently been floated by the Institute of Credit Manage ment which has approached both the British Standards Institution and the government for a response.

The institute's original plan was for a prompt payment clause to be added to BS5750, a quality management standard which has won widespread acceptance. But this was rejected by the BSL

The proposed kitemark would commit companies to paying their bills by the date stipulated in the agreed terms.

cates strong concerns about credit risk and the risk of nonwhat forgotten tributary, quietly providing some traders with cover against losses due payment among medium and large companies. Three out of to insolvency or protracted default by the buyers of their four respondents were experiencing problems in obtaining payment within agreed credit Credit insurance was periods invented at the turn of the cen-Twin benchmarks in the tury by Mr Cuthbert Heath, the innovative underwriter who in the late 19th century

IN THE rapids of risk

management, domestic credit insurance has been a some-

centration on insuring ships.

case in the 1920s which centred

on imaginary Swedish buses

and taxis and saw underwrit

This left the field clear for

Trade Indemnity, which still

remains overwhelmingly the

market leader in domestic

credit insurance, and of which

Mr Heath was a founding mem-

The domestic credit insur-

ance market was worth £140m

in 1992 and TTs share was 82

per cent, according to Data-

monitor, a market research

firm. TI believes it insures 15

per cent of all UK companies

that could use credit insur-

In the same year Datamoni-

tor estimated that Panfinan-

cial, a conglomerate formed by Japanese, Swedish and Finnish

insurers in the early 1980s, had

9 per cent, with the Belgian

company Namur accounting

for 7 per cent. NCM (UK), which first

entered the market for domes-

tic credit insurance in April

1992, had only about 2 per cent of the UK's domestic credit

insurance but its presence is

The Dutch private sector

credit insurer is dominant in

the UK export credit insurance

market. In 1992 NCM had 70

per cent of business worth

285m following its purchase of

the short-term business of the

Export Credits Guarantee

Department in December 1991.

and the French insurer Assur-

The Dutch insurer Asson

Mr Bryan Squibb, sales direc-

tor of the specialist brokers,

the Credit Insurance Associa-

tion (CIA), said: "Things have

changed dramatically. NCM is

pushing case-for-case against

TL Last year TI was forced to

push up its rates and that

allowed NCM to go in and

write a number of domestic

policies. The competition has

forced everyone to respond

with aggressive policies which

The growing number of

insolvencies in the UK means

the market is expanding as

more companies seek to buy

Touche

Ross

is great for customers."

significant.

ers liable for £367,000.

ber in March 1918.

development of the industry were the failures of Lowndes Queensway, the retail group, and Coloroll, the home furnishsteered Lloyd's of London away from its exclusive conings group, in the summer of 1990. Insured credit losses in 1936, however, the then stemming from the Coloroll ruling Committee of Lloyd's collapse amounted to between banned underwriters from ESm and E20m. writing credit insurance, following concern over a fraud

INSURANCE PROTECTION

It began with a man

policies. CIA says "extensive"

research it commissioned from

an independent agency indi-

Trade indemnity, founded by Cuthbert Heath in 1918, has been the UK leader in credit insurance since 1936

The other side of this picture is that in such parlous trading conditions insurers face losses as claims increase.

In more buoyant times credit insurers are almost unique in the broader insurance market because they routinely return profits on premium income rather than relying on investments. This, and the potential for expansion in the market, are perhaps both reasons that Lloyd's has been reconsidering its credit insurance ban and why some large continental European insurers have recently entered the market. Since 1990 European legislation has allowed credit insurers limited freedom to trade across

And technological innovation in the field is introducing new products which can be cheaper and are available to smaller companies. In general customers pay less than 1 per cent of turnover, depending on the sector they operate in and how well they are judged to

control credit risks. The arrival in the industry of Infocheck's computerised on-line credit insurance policies has, however, created a new product range, some of which is specifically aimed at

called Cuthbert mally protects all sales under a single policy. The policy provides the credit manager with financial advice on all principal customers. Generally the insured will self-insure an element of each credit limit. Indemnity is typically 80 to 85 per cent.

The risk posed by each buyer varies so the credit insurer may wish to vary the credit limit. For this reason credit insurers stress the financial advice and management side of their service. They say credit insurance is a discipline on, and a back-up to, credit control. Many companies put their futures at risk because they are unaware that their credit may be up to 40 per cent of their current assets, they say.

The other main traditional type of policy is excess of loss "catastrophe" insurance The insured will agree a "first loss" or non qualifying loss designed to eliminate predictable lower level losses. A very large "layer" of cover is then purchased in excess of this self nsured proportion.

In 1991 Infocheck began offering computerised varia-tions of these traditional products and others under two credit insurance policies, both underwritten by AMA Underwriting Agencies. These are both essentially spin-offs from their UK business information database. One of the policies is aimed at companies with insurable turnover of more than £2m and the other at those failing under that limit.

Once the policy is in place the customer can access infocheck's on-line information system and extract information about buyers. At the end of the information a credit limit is presented and the customer asked to accept or reject it. If the customer accepts it coverage is immediate.

This was initially dismissed by more established players in the market as crude compared with their traditional bespoke approach which depends on the specialist experience of underwriters who consider each customer individually. It is understood, however, that most of the big companies are now considering similar

Catherine Milton

Andrew Jack on debt-chasers' image problem

Rat-catcher syndrome

TIMES MAY be tough for companies and individuals who owe money, but the debt collection industry claims that they are no more pleasant for it either as a result of the UK's prolonged recession. "We had a record year," says

Mr David Baber, chairman and managing director of Credit Protection Association, Turnover in 1992 was up 40 per cent to £7m, and profits stood at Intrum Justitia, the Swedish-

based debt collection group which claims to be the biggest

NHOL

in Europe and possibly the world, says profits rose by more than a third last year to £11.6m, on turnover up by nearly a half to £75m.

pany has more than 4,000 regular customers on its books seeking to recover unpaid bills, and a further 6,000 who pay on an ad hoc basis. "On any day we could be sending out 1,500 letters," he says. "We have about 2,000 cases at some stage of legal action with a solicitor retained.

Yet the industry claims that

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good news. "There's a lot less meat on the bone," says Mr Larry Lewis, chairman and joint managing director of the Lewis Group. "We have to Mr Baber says that his comwork harder in a recession." That is in spite of his company's 1992 increase in profits to £720,000 from £243,000 in the previous year. The argument is that both consumers and companies tant to pay their debts during

> response to the downturn, reducing the size of the mar-At the same time, companies which are owed money have increasingly brought their debt recovery work in house rather than contracting it out. They have turned to other solutions to outstanding debts such as factoring. There has also been

the recession. Consumer

spending has declined in

Traditionally, solicitors did not want to be associated with debt recovery. Now, some

a sharp increase in competi-

TRADE CREDIT INSURANCE (1992 %) Market Shares **Export** Total NCM Credit Trade Indemnits 100 100 Size of Murber Ω226π

argue, the collapse of the conveyancing monopoly and of the housing market has forced firms to turn to new areas. They have been aided by new computer systems and the relaxation of restrictions of survey showed that lawyers accounted for four-fifths of the advertisements in a trade lournal for debt collection services

Mr Kerry McKevitt, a direc-

tor of UCMCL, Beaconsfield-

based credit consultants.

regrets that the legislation

does not go further. "It is unfortunate that it does not

include the statutory require-

ment of all companies to dis-

close both their collection days

and their payment days, to enable direct comparison," he

says. "If, for example, a com-

pany showed it collected its

debts in 45 days there would be

little moral justification for

paying its creditors in 65 days

additional 20 days financing

the difference equating to an

Many small business lobby-

The hard-goeed attitudes and the stigmatised image of the industry remain. Call many of the UK's debt collection groups and it is difficult to get past the tenacious operator who answers the phone, let alone get through to speak to the managing director.

"The general reputation in the UK is appalling," says Mr Jan Erik Paulden, group communications manager at Intrum Justitia. "You only have to go to a party and tell people what you do and see the reaction."

The negative attitudes are partly a function of the many hundreds of localised door-to-door collectors around the country, who are often paid on commission and may apply less than scrupulous methods

There are many hundreds of door-to-door collectors operating around the country on commission

to help aid recoveries. There are also the scare stories of knee-cappers with even more ruthless means. "Some probably does go on," says Mr Baber. "Some very large people certainly come round to our offices from time to time offer-

New causes for concern

include access to sensitive per-

ing their services.

sonal data, which the collectors can use to make assess-ments of individuals' and companies' ability to pay. Generally, the negativity relates to the perceived profits derived from an unpleasant act, of course. Mr Mike Scully, secretary of the Credit Services

Association, says: "There is still this negative image. There are people on the fringes but this is quite a sophisticated business. I think we are necessary - evil is too strong a word but we are necessary, like rat catchers. We are really like doctors faced with the plague.

and provide a professional response.

patients."

Mr Scully says that his association does have the power to dismiss or reprimand members, although it has never done so. He says he receives about two to three calls of complaint a month, many of which are trivial and many which refer to allegations against firms which are not members. Intrum would like to see

more government-inspired reg ulation of the industry. It helped support the association, and has its own strict code of ethics. It has also embarked on paign with the themes of prompt payment and civility, using the slogan "Pay fair please." In common with a number of the larger agencies, many of its staff are women, who are seen to be less con-

One of practitioners' biggest gripes is the slowness of the county court system for pursuing actions to recover debt. That helps explain why it is negotiating with the Lord Chancellor's Office for its members to be able to represent clients directly in court.

The structure and future shape of debt collection is changing fast. Mr Lewis points particularly to the expanding use of technology. His company is about to begin using sophisticated "predictive dial-ling" equipment. This automat-ically makes telephone calls to those being pursued, and fil-ters out those whose numbers are unobtainable.

He says that leaves his staff far more time to speak to those who are contactable, and estimates that it helps increase the response rate from six to nine calls an hour up to about 35. Computer equipment is also boosting the ease of issuing summonses through the

Now more advanced soft-ware is helping in a wide vari-ety of ways including creditrating, gathering information and tracking down people and companies. Clients are able to shift bulk bad debt information rapidly and directly between their own computers and those of the debt collection agencies.

Meanwhile, the debt recoverers are increasingly trying to encourage clients to employ them at an earlier stage. That has substantial cash flow advantages and offers a more regular all-in fee rather than a

ances Générales de France maller companies. The traditional "whole turn-(AGF) have also established footholds in an industry experover" credit insurance noriencing a period of fairly rapid

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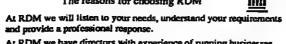
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USING the courts to recover

debts is both time-consuming

There is little point in taking

legal action unless the creditor

is sure that the debtor has the

necessary funds or assets to

meet the debt if the court

Before embarking on court

action creditors should see

first whether a solicitor's letter

or placing the debt in the

hands of a debt collector will

Actions to recover debt can be brought in the High Court,

the county court or under the

county court small claims pro-

The rules governing where an action should be started

changed in July 1991, to bring

more claims within the

cheaper, quicker and less for-

mal small claims procedure and to prevent trivial cases

The £5,000 upper limit on the

jurisdiction of the county court

was abolished and the court

given unlimited jurisdiction.

clogging up the High Court.

produce the desired result.

orders payment.

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C 21. 17 1730 186

The jurisdiction of the small claims court doubled to £1,000. Cases are now allocated between the High Court and the county courts on a simple $-\frac{1}{2} \left(\frac{1}{2} \frac{\partial}{\partial x} + \frac{1}{2} \frac{\partial}{$ formula basis. Cases involving sums up to £25,000 should start $\begin{array}{cccc} M \subseteq_{\mathcal{C}} \mathcal{C}_{1} & & & & \mathcal{C}_{1} & \mathcal{C}_{2} \\ \mathcal{C}_{1} & & & & & \mathcal{C}_{2} & \mathcal{C}_{2} \\ \mathcal{C}_{2} & & & & & \mathcal{C}_{2} & \mathcal{C}_{2} \\ & & & & & & \mathcal{C}_{2} & \mathcal{C}_{2} \\ \end{array}$ in the county court as a matter of course. Cases between 1. The state of th £25,000 and £50,000 should normally start in the county court unless they are complex or involve important questions of law and fact. Cases involving more than £50,000 should auto-

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Robert Rice on the implications of recovering debts through the courts

matically start in the High changes, however, the county courts now have powers to make any orders which could have been made by the High Court if the action had been brought there, although this does not extend to the granting of Anton Piller orders and Mareva injunctions. (Mareva miunctions are granted to prevent the transfer of assets and

A lot of time and money

The High Court also has new

powers to transfer cases to the

county court either where the

case should have started there

in the first place or where it

feels the case is straightfor-

ward enough to be heard at a

In practice, this means a

number of cases involving

more than £50,000 will be

transferred down to the county

court each year. Plaintiffs who

attempt to bring an action in

the High Court which should

have been started in the

county court risk having their

Before these changes a huge

volume of debt actions which

should have been started in

the county court were brought

in the High Court. Even in

1991, the last year for which

figures are available, 46 per

cent of claims brought in the

High Court in London were for

amounts below the old county

court jurisdiction limit of

25,000. Over 80 per cent of

them were debt or return of

There were a number of rea-

sons for the popularity of the

High Court as opposed to the county court in debt cases: the availability of the quick sum-

mary judgment procedure; the perceived efficiency of the

High Court enforcement offi-

cers compared with county

court bailiffs; and the availabil-

ity of remedies not available in

Along with the jurisdictional

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the lower courts.

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lower level.

case struck out.

goods cases.

Anton Piller orders to prevent destruction of documents.) Creditors who are auxious to prevent debtor companies destroying assets or transferring them abroad to avoid payment, therefore, may still wish

Cases are now allocated between the High Court and the county courts on a formula basis

to commence their actions in

the High Court For all practical purposes, however, the county court has become the focus for debt actions. Actions are commenced in the county court by issue of a summons and in the High Court by the issue of a writ of Fleri Facias (Fl-Fa).

The procedure after a summons or writ is broadly the same If the defendant enters a defence the issue may go to County court cases involving

sums up to £1,000 are dealt with by district judges by way of arbitration under the small claims procedure unless they are legally or factually com-plex. The arbitrations are informal and do not adhere strictly to court procedures. Parties are encouraged to handle small claims by themselves rather than being represented by a lawyer. Legal aid is not available and normally the winning party cannot recover the cost of legal representation from the loser.

Alternatively, the defendant may admit the claim and make an offer of payment. If the creditor accepts the offer, judgment will be entered in his favour. If he rejects it, a "dis-posal hearing" will take place at which the court will set the amount the defendant has to pay, and, if he is ordered to pay by installments, the amount of each installment. If the defendant fails to respond to the summons altojudgment in default without any examination of the merits of his claim. Where at least £10 is out-

standing on a county court debt one month after judgment the debt is recorded on the Register of County Court judgments. Entries can be can-celled when a judgment is set aside or is paid in full within one month. All entries are automatically removed after six years. Entries on the regis-ter can affect a person's ability to get credit in future and act as an incentive to pay off out-

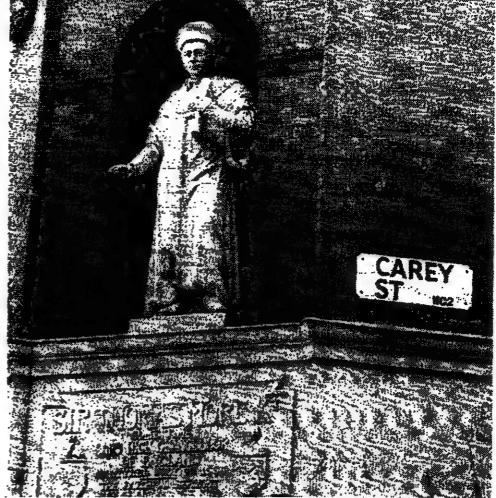
standing debts.
Once the plaintiff has obtained judgment in his favour and the debt has not been paid he has a "judgment debt" and can take immediate steps to enforce it.

There are various methods of enforcing judgments in the county courts. The most com-mon, but one of the least effective, is the "warrant of execution" where the court orders an enforcement officer or bailiff to seize and sell by public auction goods belonging to the debtor. Tools of a trade and essential household items are exempt from seizure. The munber of execution warrants continues to rise in spite of evidence suggesting bailiffs rarely recover goods sufficient to cover debts. In 1991 the last year for which figures are available 1.47m execution war-

A creditor can obtain a charging order on a debtor's property, for example, his

of 10 per cent in 1990.

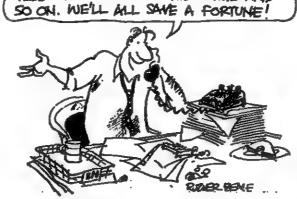
rants were issued, an increase



assured of receiving some money. The number of applications for charging orders rose from 34,970 in 1990 to 45,3672 in

Another common form of enforcement is attachment of earnings which obliges the debtor's employer to deduct a

JUST TELL YOUR SUPPLIERS I HAVEN'T PAID YOU SO YOU CAN'T PAY THEM, THEY TELL THEIR SUPPLIERS THE SAME AND



the property the creditor is set sum from the debtor's salary. The number of orders made in 1991 rose to 54,508 from 48,118 in 1990.

> A Garnishee order enables money owed to the debtor by a third party (the garnishee), usually a bank or building society, to be held for the benefit of the creditor. The Garnishee order is little used only 6,380 were issued in 1991.

An administration order allows a debtor with multiple debts not exceeding £5,000 and at least one of which must be a judgment debt which he is unable to pay immediately, to apply to discharge all his obligations by making regular payments into court which are dis tributed among his creditors on a pro rata basis. When such an order has been made creditors are forbidden to take other enforcement measures without the specific authority of the

Administration orders can be made on the application of the debtor, a creditor, or by the court itself. The number

Software plays a powerful new role, explains Claire Gooding Critical analysis in depth

CREDIT managers are looking for more from their computer services than mere credit scoring in the 1990s. During the recession, they are more likely to need help in assessing which had debts are most likely to be repaid.

As in every other sphere of business, users are looking for software which allows them to react more efficiently to change, create better control.

and make better decisions. The truth about computers is they can only make the decisions they are programmed to make. Even the all-seeing Hal in the film epic 2001 was sub-ject to that rule. Another truth is that, however comprehensive and voluminous the data they store, it is only useful as information if it is easily acces-

As an application, credit management has followed the trend of computing in general mainframes, bureau services, then devolution to the in-house minicomputer and ultimately, the PC. At the same time, the agenda has changed for credit managers. They are looking for better and more responsive control of existing data, often achieved by attaching a PC to feed from mainframe held data for sampling and testing.
Further, the trend is to extend the grasp of useful information at all points of the credit cycle, not purely for credit scoring, before the loan

is made, but later, when things go wrong.

The last five years have seen growth and innovation in software for credit management. There are now an increasing number of options, in controlling different phases of the credit cycle, and in the hard-ware. PC and otherwise, avail-

able to run them. The first scoring techniques were developed about 20 years

FACTORING IN THE UK 1993

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PACTURING IN THE UK 1993 is an objective the dryft mulysis of the UK factoring industry covering all famus of receivables funcee. It is concentral marking for factoring concentrees and all those involved or interested is continently flumer.

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ago, pioneered by Fair Isaac and Co. Computerised databases made it possible to store statistics on which decisions

about credit are based. The system evaluates financial and non-financial characteristics of an applicant, assigning points according to the answers. The acoring sys-tem is defined by a table, derived from past experience.

For the first 10 years, the mainframe was the only practical option. The main growth of credit scoring systems has been in the last 10 years, particularly among mail order and

modelling. Its aim is to belo users through the complex business of building the score-card accurately. DSS is written in a 4GL, and is PC-based, using graphical user interfaces (GUIs) for ease of use. According to Khoylou, the process of developing a scorecard can cost up to £30.000 using outside resources: for two scorecards, developed with in-house expertise, DSS is not only a cheaper solution, but more flexible. Extending the credit-scoring

principle to debt recovery. SSI

developed a Decision Support

System tailored to scorecard

Users are looking for software which allows them to react more efficiently to change

retailing users. Fair Isaac have been joined by other dominant suppliers, CCN, MDS and Mathtee, in installing credit-scoring systems in UK banks, finance companies and other creditors, particularly in the last five years. Bureau services are available from Equifix, Scorex, and Infolink.

Now, power has come to the desktop for computer users in credit management. At first sight, this is an application which needs more than PC ver, because of the volume of data involved, a problem overcome by linking to the mainframe. Combined with the flexibility of fourth generation languages (4GLs), they offer speed of reaction, because 4GLs can be used to develop speedy prototypes and one-off experiments, and an ability to check and "own" the data.

"Bureaux always have prob-lems in making the data flexi-ble," comments Jalal Khoylon of Paragon Business Solutions, based in West London. "There is always some hassle with the format." Paragon, founded by

Nynex developed its Debt Recovery System, now used, inter alia, in Marks & Spencer Financial Services, Girobank, and Diners Club. According to Andy Swain, an account manager in debt recovery working for the Loudon-based distribu-tor of the software, AST, the time has come for a more constructive role for computer services than purely the timing and administration of litiga-tion. "What we offer is a broader view of debt recovery. For as many as 250,000 accounts, lenders are having to pay heavy fees trying to recover bad debts, through structured payments or through outside debt collectors. With our system, we can select the people most likely to pay by assessing the age, bal-ance, and other criteria."

The two advantages of using the system are, he suggests, in speed of reaction, and in estab-lishing the recoverability of debts. This is particularly important in deciding which accounts to take to legislation.

and which to allocate to two ex-infolink employees, has and monitor. The better selection and targeting of accounts makes for improved cost per pound recovered." The problem of bad debts

plagues smaller companies as well as the large institutional panies, PC solutions are becoming available to collect and control cash, and monitor dehtors. C2 is a credit manage ment package from ACS, based in Rochester, providing daily reminders and automatic documentation for debt recovery. Business Information Technological Systems, of Ripon, North Yorks, provides a Credit Check database, updated weekly by disk, which keeps a regular check on the creditworthiness of customers, sup-pliers, subcontractors, competitors, or prospects, covering

Personal experience - the gut feel to distinguish between one who constantly lives in the red and another who will not be so much as a day late pay-ing the bill - is not so easy to encapsulate as hard facts. Nevertheless, credit manage-

ment has often been held up as an example of innovative use of so-called "expert systems", in which human experience is distilled in systems which aid decision-making, and can even automate some of the processes of screening. These systems are based on a mixture of human "gut feel" experience and statistical evidence. Nevertheless, they can never make the decisions, they can only present a statistical "likelihood" in any given situation. As with any area of comput-

ing, there is no such thing as the ultimate answer. What there is, however, is an increasing potential for flexible

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Gail Connell, Programme Administrator on 071-962 3522. CHASE. PROFIT FROM THE EXPERIENCE.

If the debtor cannot meet his debts in three years a composition order is made reducing the overall level of debt he is expected to pay. These changes have not yet come into force.

A large number of oral examinations designed to help creditors find the most appropriate method of enforcing a judgment are held in the county court each year. Although the oral examination is not a method of enforcement, the fact that a debtor is ordered to attend court to provide details of income, expenditure, employment and bank accounts often results in the debt being paid. Applications for oral examinations increased by 15 per cent in 1991 for oral to 122,084.

Methods of enforcement in the High Court include charging orders and Garnishee orders and the appointment of a receiver to manage the judgment debtor's property to protect the creditor's interest in it. If all this fails, a person or company with debts he is unable to meet is "bankrupt" or "insolvent". Creditors may issue a petition for bankruptcy against individual debtors either in a designated county court but more normally in the Chancery Division of the High Court.

Creditors may also petition for the winding-up of an insolvent company. There is a restriction on proceedings which may be started in the county court based on the paid-up capital of the company to be wound-up. Most winding-up proceedings are brought in the High Court.

1991 to 8,496. Several changes If no action is taken to were made in the 1990 Courts recover a debt for six years it becomes statute barred and no action can be taken.

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Speaking yesterday at the

announcement of the compa-

ny's annual results in Johan-

nesburg, Mr Julian Ogilvie

Thompson, the chairman, said: "The Central Selling Organisa-

tion (the De Beers controlled

group that sells 80 per cent of

the world's rough diamonds)

restricted its sales in the latter

part of 1992 and the balance between rough supply and

demand in the cutting centres

Mr Ogilvie Thompson con-

firmed market bilk that sales

at the first two sights - the

rough diamond auctions that

take place ten times a year -

had been "very good", but put

this down to exceptional fac-

tors - the scarcity of dia-

monds from Angola, a hiatus in supply of Russian polished

diamonds following imposition

of a 20 per cent export duty

and high demand from India.

Directors of De Beers also

stressed yesterday that dia-

mond jewellery sales had held

up very well in a recessionary

climate. Mr Jeremy Pudney, a

director of the CSO, said the

volume of jewellery pieces sold, and the overall value of

sales, had been very similar in

1992 to 1991. He said sales, by

value, had grown by about 4

per cent in the US, 9 per cent in Germany and 6 per cent in France. Japanese sales fell by

about 5 per cent in dollar

terms, with sales in Italy and

Mr Gary Raife, a De Beers

director, gave a positive account of relations between

De Beers and the Russian industry. He confirmed that

Russia was abiding by quota

requirements, noting that

their production had fallen by

Mr Ralfe predicted a "del-

the UK also slightly down.

has been restored."

GOLD TUMBLED through the bottom of its recent trading range on the London bullion market yesterday. It was fixed at consecutive seven-year lows of \$327.20 a troy ounce in the morning and \$326.95 in the afternoon, before closing at \$326.45, a fall of 70 cents on the

The fall in London followed pressure on the New York Commodity Exchange (Comex) futures market from US commodity fund sales on Monday. Comex April contract, which held above \$327 am ounce on Monday, went to \$326.60 in early trading yester-

day. Ms Rhona O'Connell, analyst

fall was heralded last week by the decline of the commercial rand to 3.19 against the US dollar. At \$328 an ounce, South African producers were able to sell their gold forward at Ri,050 a troy ounce, giving them a healthy profit.

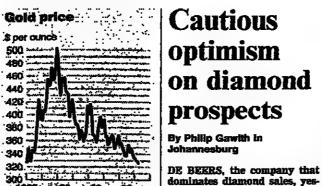
Analysts in London yesterday pointed out that there is little apart from Far Eastern demand to support the gold price. "There is a total lack of interest. People have other games to play," said Mr Euan Worthington of S.G. Warburg, pointing out that inflation was no longer a factor in investment decisions, and that the US stock market is moving

strongly ahead.
"We are in a situation where

Western World," said Mr Law-rence Eagles of GNI, the London futures brokers. "It is now used just for jewellery." China has emerged as the

main supportive factor for the gold market - a report last month from American Precious Metals Advisors of the US suggested that the country absorbed 800 tonnes (26m troy ounces) last year. This more than offset the 650 tonnes sold by central banks, including 400 tonnes by the Dutch.

However, the threat of further central bank sales continues to hang over the bullion market. In addition producers have been able to lock in profits by forward selling as their



terday gave a cautiously upbeat view of the health of the industry, despite the weak-ness of the world economy. currencies have weakened

Gold has now broken through the bottom of its recent range of \$327 to \$332 a troy ounce, and many analysts expect further falls. "Technically it is looking very very bad," said Mr Eagles, who expected the price to fall rapidly if \$325 was breached, possibly going below \$300 by the end of the year.

Norwegian oil find put at 440m barrels

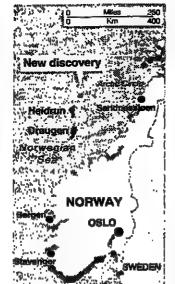
By Karen Fossii in Oslo

NORWAY HAS announced its biggest oil discovery in eight years, made in the remote northern region of the Norwegian Sea where relatively limited exploration has been

The find is likely to encourage industry interest in exploration in the region, particularly when awards for acreage in the country's 14th licensing round are announced later this

Statoil, the Norwegian state oll company, which made the discovery, believes it could be bigger than the find recently made by British Petroleum west of the Shetland Isles, which is estimated to contain 250m to 500m barrels of oil.

"We are very excited by the promise of the discovery and are working hard to enable the field to be developed. The discovery increases the faith we have in the future of the Norwegian continental shelf," said



Mr Johan Nic Vold, group executive vice-president. Statoil's preliminary estimate of the new oil reserves is 70m cubic metres, or 440m barrels.

A third well is planned to be drilled in the north-western part of the structure where be boosted substantially. The field also contains about 10bn cu m of gas, which could be reinjected into the reservoir during the early stages of pro-

Ms Wenche Skorge, a Statoll spokeswoman, said because the discovery is situated in 400 metres of water, which is considered very deep by industry standards, an integrated float-ing production platform is likely to be one of the main solutions to be studied for the development of the as yet unnamed field.

Statoil intends to lodge a plan for development of the field in 1994 and to bring it on stream in 1998. Industry analysts suggest development NKr20bn and NKr25bn (£1.95bn and £2.45bn), depending on the chosen scheme.

The field is about 85 km (53

miles) north-east of the NKr24bu Heldrun field, at present being developed by Conoco Norway to come on stream in the third quarter of 1995. Heidrun contains 750m barrels of oil. Ms Skorge said the new field could be the size of Heidrun, but at any rate it is the largest discovery on the Norwegian continental shelf since Heidrun was found in 1985.

The Norwegian Petroleum Directorate's provisional reserves estimate of the field is 50m cu m, or about 315m bar-rels of oil, but Statoil says the NPD's estimate is far too conservative. The NPD says several wells will have to be drilled before reserves can be estimated with certainty.

The partners in the field include Statoil, with a 50 per cent stake of which 25 per cent is the Norwegian state's direct interest; Norsk Hydro and Saga Petroleum, each with 15 per cent, and Norsk Agip and Enterprise Oil Norge each with

with 10 per cent.

25 per cent in 1992, with a further 15 per cent decline expected in 1993. India has had success in Yaday, minister of state for

> The government is hoping that joint ventures with foreign companies as partners will focus on the exploitation of those minerals in which the country is deficient or it does not have exportable surpluses. An objective of the new policy to promote the export of Indian minerals with as much value added as possible.

stressed, however, that the

with other commodities. The sale of rough diamonds by Russia outside the CSO was " and not something that could affect the general balance of the market.

Bomb teaches NY exchanges the value of co-operation This week, air conditioning

By Laurie Morse in Chicago

ROUGH ESTIMATES of the cost of keeping New York's five commodities exchanges operating during the week after the World Trade Center bomb blast fall near \$1m, with most of the money spent on emergency services such as fire patrols and auxiliary cooling equipment.
The cost, exchange execu-

tives say, has been minor, com-pared with the importance of keeping the markets open. The exchanges include the New York Mercantile Exchange. where most of the world's oil is priced, the New York Commodity Exchange, am important metals market, the New York Cotton Exchange, the Coffee Sugar and Cocoa Exchange. and the tiny New York Futures Exchange, a subsidiary of the New York Stock Exchange.

These markets provide worldwide price quotes for a variety of strategic commodities. "We had to stay open." says Mr Lou Guttman, the Nymex chairman. "There a lot of money riding on this. If we had closed down for two weeks. I would have hed to tell a lot of guys to go home and not come back. There wouldn't have been a market to come back to. At the exchanges, which

share a trading floor in a WTC building not directly hit by the blast, the week following the bombing was marked by hero-ics. Traders and support staff laboured without heat or air conditioning amid repeated crank bomb threats and the overhanging threat of power loss. Technicians at one point brought in dry ice to cool exchange computers; and the Nymex and the Chicago Mercantile Exchange worked out a pact for emergency price reporting, in case Nymex's

Despite the difficulties, traders managed to squeeze a lot of business into half-day sessions. Volume at the Coffee Sugar and Cocoa Exchange was actu-ally higher than in the same week in 1992, and the giant Nymex traded only about 20 per cent fewer contracts. Volumes at the Comex and the Cotton Exchange were down about 40 per cent for the week, and the Nyfe turned about 15

per cent fewer trades.

tickers failed.

has been restored and most trading hours have returned to normal, with the exception of earlier closings for the Nymex and a half-session for Comex's Eurotop 100 futures.

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The atmosphere at the Commodity Exchange Center is far from normal, however. Nymex oil traders, reminded of their vulnerability to terrorism. have sought additional security. Bomb-sniffing dogs now roam the trading floor, armed guards patrol the lobbies and packages are examined by airport-style x-ray machines. The crisis, it seems, brought

an unexpected benefitexchange executives say it forced co-operation between the five normally fractious exchanges. "We were actually working together," said the Nymex's Mr Guttman.

The bombing has also set off a scramble for "shadow" trading floors. The Nyfe is refitting its old space at the New York Stock Exchange for emergencies and Nymex, which plans to move to new quarters in Manhattan in the second quarter of 1994, may keep its WTC space as a back-up.

Irish meat output set to reach record

By Tim Coone in Dublin

IRISH MEAT output is likely to hit record levels during 1993, thanks to continuing growth in the country's cattle, sheep and

pig herds. According to figures released by the Irish Livestock and Meat Board this week, the breeding herds for all three livestock sectors now stand at their highest levels on record. Based on census data from last December, the size of Irish herd of breeding cows is now

ewes at 4.8m; and of breeding sows and gilts at 170,000. The overall total for the cattle herd masks diverging trends for the dairy and suck-

ler cow (beef) herds. Dairy cow

numbers fell by 2 per cent to

1.26m head, while suckler cow numbers grew by 17 per cent to 912,000 head. This, says the

CBF, is because of farmers responding to reforms of the European Community's common agricultural policy by building their suckler herds. The capping of ewe premi-ums at 1991 levels under the

the sheep breeding flock is unlikely to grow further this year, says the CBF, while it notes that the rise in the pig breeding herd by 30 per cent since late 1989 makes "the Irish herd one of the fastest growing

new CAP reforms means that

in Europe". On the basis of these figures the CBF estimates that cattle supplies in 1993 will be "somewhat over 1.9m head", sheep supplies will increase by 3 per cent to some 4.8m head while total pig slaughterings "could exceed 3.3m head".

India opens door to private mining investors

By Kunai Bose in Calcutta

IN A dramatic policy U-turn, the Indian federal government has decided to allow private sector participation in the exploration for and mining of 13 minerals hitherto reserved to public sector operations. The minerals are iron ore. manganese, chrome, sulphur, gold, diamond, copper, lead, zinc, molybdenum, tungsten, nickel and the platinum group. Under the new order, Indian public and private sector mining companies will be allowed 50 per cent foreign equity par-

basis. But the government will be ready to sanction higher foreign capital participation depending on the merits of each case. However, mineral and metal processing units with any level of foreign equity will now be allowed to develop captive mines (mines tied to metal processors).

While the new national min eral policy is part of India's economic reform programme, it is also a response to the need to introduce foreign technology and funds to develop "world grade mines to produce miner-als at internationally competi-public sector undertakings. ticipation on an automatic tive rates".

recent years in discovering new mineral deposits through modern exploration techniques, but the public sector, in many cases, could not mobilise resources to develop mines. For example, Hindustan Copper, India's only copper producer, was forced to postpone the development of Malanjkhand underground copper ore mine with estimated reserve of 275m tunnes because

of lack of finance. Things may now look up for public sector undertakings. According to Mr Balram Singh

0000A - Limites POX

mines, the government has received a good number of enquiries for mineral exploration from leading mining companies in the US, Australia, South Africa and Canada.

uge" of Russian polished diamonds on to the market if, as expected, the 20 per cent duty on diamond exports was lifted. He said their stockpile was estimated at up to \$1bp. He

Russians had not, in recent years, undermined prices in this market as they had done

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

put at 2.17m head: of breeding

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,620-1,680

(1,635-1,690). BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse.

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 0.35-0.45. COBALT: European free market, 99.5 per cent, \$ per lb in warehouse, 15.85-16.50 (15.65-

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 120-140 (same

MOLYBDENUM: European free market, drummed molyb-

dic oxide, \$ per lb Mo, in warehouse, 2.00-2.10 (same). SELENIUM: European free

market, min 99.5 per cent, \$ per lb, in warehouse, 4.70-5.40. TUNGSTEN ORE: European free market, standard min. 65 per cant, \$ per tonne unit (10 kg) WO₃, cif, 33-44 (same).
VANADIUM: European free

market, min. 98 per cant, \$ a lb V₂O₅, cif, 1.50-1.70 (same). URANIUM: Nuexco exchange value, \$ per lb, U₃O₈, 7.80 (7.65).

LESS WARRHOUSE STOCKS

HEATING Oil. 42,000 US gaits, cents/Ui

59.20

tonnes	caceel	
Aluminium	+ 6,276	to 1,677,00
Copper	+4,178	to 300 LIND
Lead	+ 1,000	10 三5 100
Michel	-612	to 84,882
Zino	+3,460	0 574,075

Cuban sugar situation 'tense'

THE SITUATION of Cuba's 1992-1993 sugar crop is "tense" and harvesting and milling are being carried out with less than 20 per cent of the resources used in past harvests, according to official newspaper Granma, reports Reuter from Havana.

Granma, the mouthpiece of the ruling Communist Party, said there were accumulated delays in harvesting and milling more than three months after the start of the current campaign.

"A clear example of the harsh reality being faced is that there are still some mills which have not yet started milling," the newspaper added.

WORLD COMMODITIES PRICES

LONDON METAL EDICHA

MARKET REPORT

A steadler undertone prevailed on the LME. Dealers said the generally steady trend seen in COPPER helped other metals, although significant upward breaks were unlikely. Three-month copper was rejuctant to test the band of resistance above \$2.170 a tonne. Although some traders reported Chinese buying, most felt that China had been a small-scale seller recently, so the market was expected to re-test downside support. Three-month NICKEL remained firmer. building on the move above

London Markets

SPOT MARKETS		
Crude off (per burrel FOB)(Apr)	+ or -
Dubei	\$16.85-6.75	015
Brent Blend (dated)	\$19.15-8 19	-0.07
Brent Blend (Apr)	\$19.10-9.14	0.02
W.T.I (1 pm est)	\$20.69-0.73	+0.00
Oil products (NWE prompt delivery per	tonne CIF	+ or -
Premium Gasolina	\$197-200	
Ges Oil	\$178-179	+1
Heavy Fuel Oil	\$76-77	-1.5
Naphtha	S172-174	0.50
Petroleum Argus Estimates		
Other		F or -
Gold (per troy oz)♣	\$326.45	-0.7
Silver (per troy oz)-	356.5c	-0.5
Platinum (per troy oz)	\$344.75	+29
Palladium (per troy oz)	\$103.75	-0.6
Copper (US Producer)	99.50c	
Load (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.82r	
Tin (New York)	262.0c	-0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight?	135.31p	1285
Shoep (live weight)†•	118.30p	-1.81*
Pigs (live weight)†	89.62p	+3.53
London daily sugar (raw)	\$248.0	-2
London delly sugar (white)		
Tate and Lyle export price	1283.0	-1
Barley (English feed)	Unq	
Malze (US No. 3 yellow)	2169.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	63.50p	-0.5
Rubber (May)♥	(M. 1986)	-0.5
Rubber (KL RSS No 1 Feb)		-2
Coconut oil (Philippines)§	\$445.0y	-5
Palm Oil (Malaysian)§	\$405z	-5
Copra (Philippines)§	\$280.0	•
Soyabeans (US)	£180.5u	-2
Colton "A" index	61.35c	-0.3
Wooltops (64s Super)	397p	
C a tonno unless otherwise c-cents/lb. r-ringgit/kg, y-/	stated. p-po Apr/May u-N	ence/kg ter/Apr.

Pacific Metals' decision to sustain its production cut to June, and talk of scrap shortages and Russian shipments tailing off in Europe were supportive. London COFFEE and COCOA wound up quietly after a day when the main market features were lethargy and apathy, traders said. In Chicago SOYABEANS moved higher early amid fund buying as rumours circulated that several US banks had re-opened credit lines to Russia.

tare tay tug Phite tay tug loci tec turnovs	223.00 227.00 227.00 Close 274.40 278.00 254.50 254.00	Previous 223.00 227.00 Previous	High/Low 222.60 226.00
Philip Philip lary larg Det lar	227.00 Close 274.40 278.00 254.50	227 00 Previous	
Thite Let Let Let Let Let Let Let Let	274.40 278.00 254.50	Previous	226.00
lay kig kic kec lar	274.40 278.00 254.50		
urnova	278.00 254.50	AT LED	High/Low
lec lec urnove	254.50	274.50	275.50 272.50
lec Lar urnove		278.00	279.00 277.00
urnove	234.00	255.50 253.70	255.50 254.00
urnove	253.00	253.70 253.50	254.00 258.00
RIBARA			of 50 tornes.
inite 18	806 (1652)	3 (22) 1068 1 Paris - Wi	or ou tornes. hite (FFr per tonne)
lay 156	57.68 Aug	1613.35	
	OIL - I	-	S/barr
	Lates	st Previo	us High/Low
or	10,13		19.21 19.04
Lay	19.14		19.22 19.06
uri ut	19.20 19.15		19.17 19.12
wa Wa	19.20		19.21 19.14
es .	10.17		19.17
lav	19.19	1	19.10
™E Inde	19.20	19.49	
umove	r 17228 (40073)	
	r 17228 (-	40073)	\$/torn
		40073) Previous	
AS OI	Close 175.50	Previous	High/Low 176.00 174.25
AS CH	Close 175.50	Previous 175.00 174.75	High/Low 176.00 174.25 176.00 174.25
AS CI	Close 175.50 175.50 170.00	Previous 175.00 174.75 175.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.50
AS CHI	Close 175.50 175.50 176.00 174.75	Previous 175.00 174.75 175.00 175.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.50 175.50 174.25
AS CII	Close 175.50 175.50 170.00 174.75 174.00	Previous 175.00 174.75 175.00 175.00 176.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.50 175.50 174.55 176.00 175.25
AS CHI	Close 175.50 175.50 174.76 174.76 178.00 178.00 179.50	Previous 175.00 174.75 175.00 175.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.50 175.90 174.55 176.00 175.25 177.50 177.25 179.25 179.25
MAS CRI	Close 175.50 175.50 174.76 174.76 176.00	Previous 175.00 174.75 175.00 175.00 176.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.50 175.50 174.50 176.00 175.25 177.50 177.25
MAS CRI	Close 175.50 175.50 174.76 174.76 176.00	Previous 175.00 174.75 175.00 175.00 176.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.50 175.95 174.25 176.00 175.25 177.50 177.25

	Close	Previous	High/Low
Mar	660	707	794 591
Marie	708	714	716 702
Jui	719	725	727 715
Bap	731	737	739 729
Dec	751	757	786 746
Mar	789	776	775 767
MAY	763	789	787 779
A14	796	804	801
Sep	812	819	814
Dec.	835	844	838
Price fo	adicator p	3414) lots o xices (SDR 711.03 (702. (736.71)	s per tonn

COFFEE - Lenice FOX					
	Close	hartes	High/Low		
Mer	970	964	1774 PG2		
May	926	932	B36 924		
Jul	896	900	905 890		
Sep	905	907	912 900		
Nov	914	912	920 911		
Jan	925	922	928 928		
Turnov	er:2146 (9	67) lots of 8	5 tonnes		

POTA	TOES - I	.andán FÖ	C .	€/tonne
	Close	Prentous	High/Low	
Apr	39,3	40.0	40,0 30.1	
May	41.6		42.0 41.0	
Apr	94.6		94.5 93.0	
Turnor	rer 91 (9)	lats of 20 to	mes.	
SOYA	MEAL -	Loudon FO	×	£/tonne
	Close	Previous	High/Low	
Jun	141/00		141.00	
MIG	142.00		142.00	
Turno	ver 20 (0)	lots of 20 to	innes.	
FREE	HT - Los	nden FQX	\$10/lne	sex point
	Close	Previous	High/Low	
Mar	1415	1410	1415 1410	
Λa	1420	1409	1420 1409	

Cabe	1720	1-400	1420 1403
May	1380	1370	130 135
Jul	1212	1:210	1212 1210
Oct	1355	1352	1355 1350
9F1	1394	1389	
Turnove	er 202 (15	(4)	
CITALIT	i - Loui	PSE	£/ton
Wheel	Close	Previous	HBgh/L?w
Mar	143.25	144.50	143,25 143,25
May	145.10	145.50	145.25 144.00
distri	146.25	147.00	148.25 148.00
Nov	110.75	110.75	110.75 110.35
Jan	113.60		113.65 113.50
Mar.	115.10		116.25 116.10
Berley	Close	Previous	High/Low
			106.50 106.25
Sep	105.30	106.65 109.50	109.25

1175

2150 2200

Brent Crude

75 56 41

94 63 40

May Jul May 16 38 9 29 5 22

Apr May Apr

OFF	\$/ton			
	Close	heritan	High/Low	
	970	964	1774 PR	
57	826	932	B36 624	
H	896	900	905 890	
ю	905	907	912 900	
	914	912	920 911	
и	925	922	928 928	
		67) lots of (
			ents per po	
		ny 56.04 (56	L61) 15 day	EAGLES
.45 (57.64)			

ICO in Mar 5: 57.45 (Comp. da	tces (US c dly 56.04 (56	ents per pound 3.51) 15 day ave
POTA	roes - L	andán FÖ	C 271
	Close	Previous	High/Low
Apr	39,3	40.0	40.0 30.1
May	41.6		42.0 41.0
Apr	94.8		94.5 93.0

SOYA	MEAL -	Loudon FO	×	£/tonn
	Close	Previous	High/Low	
Jun	14100		141/00	
MIG	142.00		142.00	
		lots of 20 to		
FREE	HT - Lor	nden FQX	\$10/Inc	dex poi
FREE	Close	Previous	\$10/in	dex poi
Mar				dex poi
	Close	Previous	High/Low	dex poi

ram GI	T - Lor	nden FQX	\$10/Index po	in
	Close	Previous	High/Low	
Mar	1415	1410	1415 1410	
Apr	1420	1409	1420 1409	
Mary	1380	1370	1票) 1票等	
Jul	1212	1210	1212 1210	
Oct	1355	1352	1355 1350	
961	1394	1389		
Turnove	er 202 (15	19)		
CPAIN	E - Lond	im PSK	£/ten	ne
Wheel	Close	Previous	HBgh/Lnw	
Mar	143.25	144.50	143.25 143.25	
May	145.10	145.50	145.25 144.00	
dino	146.25	147.00	148.25 148.00	
Nov	110.75	110.75	110.75 110.35	
Jan	113.50		113.65 113.50	
Mar	116.10		116.25 116.10	
Berloy	Close	Previous	High/Low	
	41000			

_				
5 5	Wheel	Close	Previous	HBgh/Lnw
5 5 6	Mar	143.25	144.50	143.25 143.25
5	May	145.10	145.50	145.25 144.00
	distri	146.25	147.00	148.25 148.00
10	Nov	110.75	110.75	110.75 110.35
5	Jan	113.50		113.65 113.50
	Mar	115.10		116.25 116.10
	Berley	Close	Previous	High/Low
BWC I	Sep	105.30	106.65	106.50 106.25
end	None	109.25	109.50	109.25
R340,			213 (144), 100 Tonnes	Berley 29 (60).
ales nded	PiGS -	London	FOX (C	ash Settlement) p
the		Cless	Previous	High/Low
not	Apr	116.3	116.7	116,8 116,0
orth-	May	116.3	116.0	116.5 116.0
ably	Jun	113.5	113.0	113.0 112.5

(Prices supplied by Amalgamated Metal Trading) AM CITICIAI Kerb close Open Interest Total daily turnover 27,004 lots ns, \$9.7% purity (\$ per tonne) Gash 1160.5-6 3 months 1161-82 1155.5-58.5 1176.5-77 1(82/1170.5 1170.5-80 1178-78.5 Copper, Grade A (É per lonne) Total daily turno Cash 1492-93 I months 1516-17 1478-79 1503-03 5 1483/1482 1517/1505.5 1483-83.5 1905.5-08 1513-14 Total dally turns Leed (£ per tonne) 287.5-88.5 3 moreta 297-97.5 259-90 259.5-300 299.5/294 296.5-89 Mickel (\$ per tonne) Total daily lume 6019-20 6075-80 **8085-7**0 Tin (\$ per lonne) Total daily turns Came 5665-75 3 months 5730-35 5680-65 5720-25 5665 5740/6715 6880-65 5725-30 5745-50 Zinc, Special High Grade (S per tonne) Total daily turns 1003.5-04.5 996.5-97.5 1022-22.5 1015-16 LON (Pric

LIME Closing		3 months: (A)	100	0.n	normy: I.	ON .	8 mi	omin: 1,414
LONDON BI (Prices supp				Ne	w Y	ork		
Gold (troy o	z) \$ price	eviupe 2	ulent	GOLI	100 troy	ez.; S/troy e	VZ.	
Close	326.30-326				Çlasa	Previous	High/Lor	w
Opening Morning its	927,10-327 327,20	59 296,750		léar	326.6	327.1	0	
Afternoon fix		227.615		Apr	327.2	327/7	328.2	324.6
Day's high	327.30-327			May	327.8	328.3	0	0
Day's low	328.20-326			Am	328.4	328.9	329.4	327.7
				Aug	329.B	330.3	330.0	329.2
Loco Ldn Ne	een Gold Le	moling Rates (V	/s USS)	Oct	331.3	331.B	331.4	27.5
i month	2.71	III (months	2.46	Dac	332.8	335.2	133.6	ES1.7
2 months	2.50	III months	2.49	Feb	834.4	334.7	334.5	333.9
3 months	2.51			PLAT	PILIM 50 t	rov oz. S/tro	W OZ.	
Silver fix	ortroy oz	U\$ cts e	equiv					
Spot	246.90	380.00		-	Close	Province	High/Los	
I months	250.45	358.75		Apr	345.1	342.2	345.5	545.6
(I months	253.90	301.65		Jul	343.9	340.7	346.5	343.0
12 months	260.10	368.10		Oct	342.7	339.2	SUL7	342.0
				Jan	341.2	337.7	339.5	339.5
COLD COM	5			SILVE	R 5,000 tr	ray oz; cente	utroy cz.	
	\$ price	Ľ mis			Glose	Previous	High/Lov	*
Krugerrand Maple leef	327 00-33 336,25-33		558.00	Mar	365.7	353.6	355.5	354.5
Maphi lear New Soverei			200	Apr	356.7	354.7	0	0
INDE GOVERN	gn /6.00-61.	34.00-36		May	357.8	365.6	358.0	358.5
				Jul	360.2		360.5	350.0
TRADED OF	TIONS			Sep	352.7	360.7	363.5	362.5
Al-mahalan Al	0.79/1	Colle E	No.	Doo	200.0	204.2	207.0	647.0

	4	341.2	337.7	339.3	226.2
	SILVE	R 5,000 tr	oy oz, cent	utroy cz.	
den	_	Close	Previous	High/Low	
28.00	Mar	365.7	353.6	355.5	354.5
	Apr	356.7	354.7	0	0
L00	May	357.8	365.8	358.0	358.5
	Jul	360.2	300.0	380.5	350.0
		362.7	360.7	369.5	352.5
\de	Sep		354.3		
Villa:	Dec	386.3	364.7	367.0	365.0
Jul	Jan	366,7		0	0
8	Mari	370.0	368.0	0	0
	ALL	372.8	370.6	0	0
27 58	UKAN.	OPANE C	OPPER 25.0	V00 fb	
38	THE STREET				W104
uts		Ciono	POWINE	High/Low	
24	Mar	94.60	95.05	95.70	94,60
43	Apr	14.00	95.30	95.45	94.75
69	May	95.25	95.70	96.30	95.15
	Jun	95.60	96.05	96,40	96.40
Jul	Jul	96.00	96.40	97.00	26.00
	Ang	98,40	96.75	0	0
55	Sep	96.80	97.10	97/79	97.30
87 126	CRUD	E OIL (LIG	ini) 42,000 l	AS galts \$A)	arrel
-Ad		Latesi	Previous	High/Low	
	Apr	20.66	20.71	20.77	20.58
44	MOST	20.75	20.80	20.84	20.67
60	Jun .	20.78	20.83	20.85	50.71
78		20,78	20.83	20.87	20.73
	Aug	20.72	20.82	20.84	20.73
May	Sep	20.80	20.81	20.82	20.74
	Oct	20,77	20.80	20.77	20.77
42	Nov	20.74	20.79	30.74	20.73
99		20.74	20.77	20,74	ED. 70

IN-AILE MANNE					
ver 37,450 lots	Jun Jul	56.70 56.70	55.79 55.82	55.95 56.90	
	Aug	57.30	56.82 57.42	56.90 87.50	
157,206 lots	500	68.60	86.42	66.60	i
over 2,213 lots	Cot	59.30	59.42	69.35	Į
18 700 leds	Nov	80.00 81.00	80.27 81.13	60.40 61.20	1
18,792 lots	Janes Janes	61,35	61.57	61,20 61,50	1
over 9,196 lats			en:S/torme		_
11,732 tols	•				
over 1,928 lots	_	Close	Previous	High/Low	
	Min	860	870	860	-
7,930 lets	May	678 805	992 918	866 915	
over 6,598 lots	Jul Sep	925	944	898	i
ri ent less	Charles .	999	975	972	-
ri,361 lots	Mar May	992 1014	1008 1030	1008 D	
momm: 1,4144	Jul	1036	1051	ŏ	ì
	Sep	1083	1079	0	i
	Dec	1088	1104	0	_
	CONT	E "C" 37	,500lbs; cer	its/ibs	_
·		Clous	Previous	High/Low	
	Mar	80.50	81-20	61,35	
.OW	-	63.75	63.30	54.00	
0	Jul Sop	65.65 67.25	65.30 67.15	65.75 67.30	6
326.6 D	Dec	89.70	70.16	79.10	É
227.7	Mar	72:25	72.50	72.75	2
329.2	May	74.15	74.00	74.00	7
E37.4 E87.7	SUGA		~11° 112,0	00 lba; cent	9
333.9		Close	Previous	High/Low	
	May	9.88	10.01	10.00	8
	Jul	10.08	10.14	10.23	1
.OW	Oct	9.35	9.40 9.09	9.50 0.15	8
545.6 343.0	May	9.03	9.05	D.03	8
342.0	Jul	9.08	9.05	0	0
339.5	сотто	N 50,000	Cents/lbs		Ī
		Clase	Previous	High/Low	_
OW	Magarita (62.75	62.00	62.80	6
354.5	May	62.86	82.23	63.00	6
0	Juli Oct	63.88 63.25	63.28 62.98	64.00 63.40	6
358.5 359.0	Dec	62.05	51.75	10.10	0
362.5	May	62.50 63.00	62.50 63.05	0	0
365.0 0	Jul	63.60	63.65 63.65	0	0
0			16,000 lbs;		j
0		0	Previous		_
conts/lbs	Mar			High/Low	_
QHI	May	74.85 17.30	79.25 81.65	80.10 82.90	7: 7
94,60	Jul	80.40	84.45	85.75	8
94.75 95.15	Sep Nov	83.00 85.50	87.20 88.50	87.75 89.50	8
96.40	Jan	88.00	90.85	92.50	8 8
96.00 0	Mari	89.00 00.68	92.05 92.05	93.50	9
97.30	May Jul	89.00 89.00	92.05 92.05	0	0
\$/barrel					_
OW .	INDI				
20.58	REU	neas (8	ase:Septer	nber 18 19	13
20.67	~~	Mar.9	Mar.8		_
20.73	—	1763.2	1700.3	mnth ago 1736.9	1
29.73 20.74	DOW		Base Dec.		10
20.77	! —	Mar 8	Mar.5	meth ago	
20.73 20.76	Spot	153.04	124.08	122,60	1
20.74	Future	9 126 15	127 44	127 77	1

	0.000 (10	-11	110	- ~	nicag	Com.		
-	2,000 US g			_ ~	ncag	O.		
_	Previous	High/Lev	<u> </u>	SCY/	ABEANS 5,	000 bu min;	pente/80lb t	oughei
	\$6.09	56.75	67.90		Ciose	Provious	High/Low	
	67.36 56.79	67.60 66.95	57.10 58.65	Mar	5740	573/4	576/G	673/0
	56.82	58.90	56.60	May	577/2	676/2	579/4	575/0
	57.42	87.50	87.30	Jul	582/4	561/0	884/4	580/6
	66.42	68.60	\$8.36	Aug Sep	885/0 585/4	883/6 584/4	586/6	583/2
	59.42 80.27	59.35 80.40	59.36 60.00	Nov	563/4 591/6	890/4	587/4 594/0	684/4 680/4
	WY. VI	61.20	61.00	Jan	699/0	507/2	600/4	599/4
	61.57	61,50	61.35	Her	806/4	606/0	0	0
	98:5/80mme			90Y/	ABEAN OIL	90,000 lbs; (pents/lb	
_	Frenchis	High/Lov	,		E3066	Previous	High/Low	,
_	870	1960	642	Mar	20.94	20.93	20.97	20.86
	802	888	676	jakey Jest	21.16 21,36	21.12	21.42 21.42	21.05
	918	915	800	Aug	21.41	21,34	21.48	21.27 21.37
	944 975	898 972	926 963	Sep	21.45	21.37	21.53	21.42
	1008	1008	995	Out	21.47 21.62	21.37 21.51	21.56 21.65	21.45 21.55
	1030	0	0	Jen	21.66	21.53	0	0
	1051	0	0	BOY/	ABEAN NE	AL 100 tons;	Sitron	
	1079	0	0		Clase	Previous	Righ/Low	
7	500lbs; cer		<u> </u>	Mer	178.5	175.8	178.9	
_				_ illey	178.1	177.4	178.6	175.2 177.0
	Previous	High/Low		Jul	100.3	179.7	180.8	179.3
	61.50	61,35	60,00	- Aug Sop	181.6	181.0 182.2	183.3	180.5 182.1
	63.30 65.30	64.00 66.75	EE 75	Oct	184.2	183.5	184.8	108.6
	67.15	67.30	86.45	Dec	167.9 186.7	186.5 186.8	167.9	186.5
	70.15	79.10	68.95				0	0
	72.50	72.75	71.00	MAL		min; cants/5	66b bushel	
=		74.00	73.25	_ =	Close	Previous	High/Low	
D	*11* 112,0			Mar May	214/0 220/6	213/6	214/4 221/2	213/4
	Previous	High/Low	·	and .	227/6	227/6	228/2	220/4 227/2
	10.01	10.00	9.87	- Sep	233/6	233/6	234/0	233/4
	10.14	10.23	10.07	Dec	241/2 248/0	241/2 247/8	241/6 248/0	240/6
	9.40 9.09	9.50 U.15	9.34 0.40	May	252/0	252/0	252/0	247/2 251/8
	9.05	B.Q3	9.03	Dec	249/4	249/0	249/4	249/0
	9.05	0	0			min; cents/6	Olb-bushel	
0	cents/lbs				Close	Previous	High/Low	
	Previous	High/Low		Mar May	367/0 321/4	370/8	372/0	366/0
_	82.00	62.80	62.00	Jul	309/6	336/4 313/6	338/6 314/4	330/0 307/4
	62.23	63.00	62.30	Sep Dec	313/2	317/2	317/2	311/4
	63.28 62.98	84.00	63.40	Mar	325/0	325/6 329/4	325/6 0	320/0 0
	51.75	63.40	63.15	LEVE		GOO Ros; ceni		
	62.50	0	0	=	Close	Previous		
	63.65 63.65	0	0	Apr	01.700	61.850	High/Low 82,225	
_	16,000 lbs:		-	- Jun	75,800	75.975	78,275	81.600 75.875
_				— Oct	71.875	71.975	72.225	71.700
_	Previous	High/Low		_ Dec	73,600	73.125 73.900	73-250 P4.100	72.800 73.550
	79.25	80.10	74.50	Feb	72.900	73.225	73.400	72.825
	81.65 64.45	82.90 85.75	77.00 80.30	Apr	74.200	74.500	74.550	74,100
	87.20	87.75	83.00	FIAS I		O lb; cents/H	bs	
	88.50 90.85	89.50	85.50		Com	Previous	High/Low	
	92.06	92.50 93.50	88.00 91.00	Apr Jun	48.375 63.860	48.750	49.800	49.050
	92.05	0	0	Jul	51.000	54.100 52.400	54.850 52.800	53.275 51.300
	92.05	0	0	Aug Oct	48.700	49.375	49.850	48.126
-				ı Dec	43.700 44,700	44,250 45,425	44,700 45,650	43.250
P	ase:Septer	nher to -	004	Feb	45,600	45.400	45,700	45.000
-	cahear	יו 10 ו הפעוי	931 →	Apr	44.000	44.100	44.300	44.000
)	Mar.8	mnth ago	yr 890	POHK		10,000 lbs; ca		
2	1760.3	1736.9	1609.7	l -	000	Previous	High/Low	
Ç	Base Dec.			Mar	49.175 50.225	47.175 48.225	49 175	48.000
1	Mar.6	mnth ago	yr ago	40	50,450	48.450	50.225 50.450	49.400 49.100
į	T24.08	122,60	118.45	Aug Feb	49,050	47.050	49.050	47.800
5	127,44	127.77	122.72	. 00	52.860	53.760	55,450	52.000

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LONDON'S attempt to follow Wall Street to new highs was thwarted yesterday by a shakeout in the stock index futures Supplied to the Conmarket. After gaining 20 points STATE OF THE PROPERTY OF THE P in early trading, the FT-SE index turned back sharply when the futures markets opened and share prices ended the day on the downside. boning our to the fact of the control of the contro Confidence in economic

By Terry Byland,

UK Stock Market Editor

recovery remained sound, however, and hopes of a cut in domestic interest rates around the time of next week's Budget speech were supported by sterling's relatively stable reception for the announcement of the latest UK producer price data.

The parliamentary defeat overnight of the UK government on moves to accelerate the Maastricht legislation introduced an element of political uncertainty. The stock mar-ket continued to debate the prospects of rises in indirect taxes on Tuesday when Mr Norman Lamont, UK chancellor of the exchequer, makes his Budget speech

The early gain of 20 points on the Footsle was reversed into a loss of 11.2 by mid-session. A sluggish start on Wall Street, where the Dow Industrial Average was just 2 points ahead in London hours, left the UK market to drift. Traders

cant selling and said that prof-it-taking was only to be expec-when retail business stayed pause was nothing more than a remains elusive, London trad ted following the sharp advance in the previous ses-

At the final reading, the FT-SE Index stood at 2,949.9 down 7.4, with traders unsure whether to worry about the challenge to the 2,900 mark.

Trading volume was brisk, with 776.5m shares moving through the Seaq system com- ket still has further strength

Volume Cleating Day's 080's Price chance

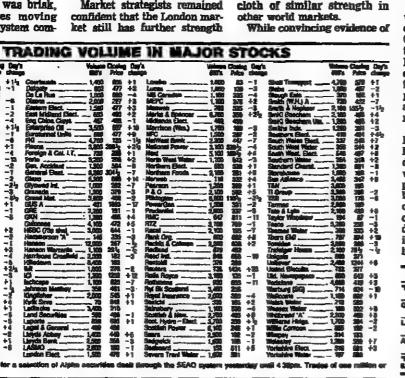
firm at £1.23hn.

Profit-takers reverse fresh advance

Non-Seaq business increased significantly, to make up about 78 per cent of the day's total. against recent daily averages of closer to 60 per cent. The FT-SE Mid 250 Index shaded lower by 0.5 points to 3,119.2. Market strategists remained confident that the London mar-

mixture of economic optimism The latest advance to new

highs in the UK stock market has taken place against a backcloth of similar strength in other world markets.



remains elusive, London trad bout of minor profit-taking fol- ers have taken an increasingly lowing a session when share confident view of developprices were driven ahead by a ments in the US. At the same time, belief that German interand technical market factors. est rates will soon start to fall underpins expectations that UK rates can remain low, at least until the end of this year.

However, some analysts are wary of the outlook for UK equities after the Budget. Mr Craig Knox at Lazard Investors, is moving ahead of Mr Lamont's speech. He told clients that UK shares have performed relatively well over the past month and that this appears a "good moment to reduce exposure."

At Panmure Gordon, Mr Robin Aspinall sees the FT-SE Index now making its "final dash" for the 3,040-50 target, with both new York and Tokyo providing encouragement. He believes that this week's data on consumer credit implies a consumer-led recovery but doubts that consumers will indulge in "another 1980's style

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| Volume Counting Day's | Other cleans | Other clea reported little sign of signifi-**Pressure** on glass

producer GLASS maker Plikington was one of the chief casualties in a generally unhappy building materials arena as the market picked up hints that a flurry of profits downgradings could be

in the pipeline. The company is believed to have requested meetings with a number of stockbroking analysts over the next few days and dealers speculated that these might reveal plans for

cost-cutting and write-downs. Specialista said a large seller. of Pilkington shares emerged late on Monday afternoon and triggered initial downward pressure on the stock. Additionally, NatWest Securities highlighted the impact on the building materials stocks of economic slowdown in conti-

nental Europe. There has also been speculation that Pilkington may seek to raise capital, although some around the current share price

appears unlikely. Pilkington's preliminary results are due in June and analysts' forecasts range from

NEW HIGHS AND LOWS FOR 1992/93

NEW Process (2014).

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£30m to £40m. The shares weakened to 105%p at one point yesterday before stabilising to end 2% off at 110%p. Turnover of 4.5m shares was well above average.

Enterprise Oil lifted

Another major oil discovery, this time on the Norwegian continental shelf, was announced by a consortium including the UK's Enterprise Oil. The stock gained 10 at 507p, its best level since November 1991. Turnover was a heavy 3.5m shares.

"This is wonderful news for Enterprise ahead of tomorrow's preliminary figures, which are expected to include a nudge unwards in the dividend payment to 18p," said one ofi specialist.

Another said the discovery continued Enterprise's record of strong exploration success and would keep up the group's production profile in coming

Last week BP announced a substantial oil find west of the Shetland Islands; initial estimates of the find, where BP has an 80 per cent stake and Royal Dutch/Shell the remaining 20 per cent, were put at 250m to 500m barrels of oil.

M and S bought

A surge of speculative buying of Marks and Spencer helped the shares put on 2% at 350p in trade of nearly 9m shares, with a further 3m dealt in the options market. Some analysts reported whispers of strong February sales by the high street retailer, to follow a healthy performance in Janu-

There was also talk of pressure exerted on M and S's supoliers as the group attempts to improve margins.

The company is not due to report its final results until May, but yesterday's specula-tion will do nothing to dampen expectations in the market that the group will exceed most current analysts' fore-

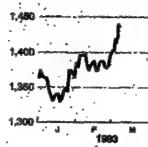
casta. Brown Shipley moved forward 4 to 400 after it was revealed that GPG, the UK investment company controlled by Sir Ron Brierley, was considering a full bid for the group after increasing its stake to 22 per cent by buying a block of 2.35m shares, or 14.8

per cent, at 35p a share. Continuing worries about the extent of the losses arising from the bank's involvement in the Bombay securities market, and lingering fears that today's preliminary numbers may be accompanied by a large rights issue, took their toll of Standard Chartered shares. The stock retreated a further 8 to 691p on above average turnover of 1.3m. Barclays' rally came to an

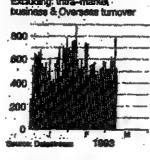
abrupt halt, the shares relinquishing 8 to 413p on heavy volume of 8.4m. Sun Alliance outperformed

the rest of the composite insurance sector as US buying, thought to have been prompted by a buy note published by one of the US investment banks,

FT-A All-Share Index



Equity Shares Traded Turnover by volume (million) Excluding: Intra-market



lifted the shares 9 to 3420. Bearish noises surrounding the leading building material groups saw BPB slip 3 to 215p and Bine Circle esse 2 to 234p. declined 11 to 611p.

Meyer fell 10 to 318p, with BZW said to have lowered its profits forecasts for the group. For the current year BZW is said to be predicting profits of £11m, down from £15m, and for next year it expects the group to achieve profits of £18m compared with a previous estimate of gibm

Conglomerate Hanson eased a penny to 257p, with analysts at BZW reported to have come to the view that there was littie upside in the stock. The securities house is believed to have also reduced its profits estimate for the year to September 1994, coming down to the bottom of the range which

is around £1.19bn With good figures expected today from international conglomerate BTR, the shares were once again in demand. They moved a penny forward to 591p, with turnover increasing to 5.4m.

Results from Hillsdown generated good two-way business of 8.4m shares, but left the price steady at 163p. However, Nomura, which continued to mark the stock a weak hold, said questions over long-term strategy remain unanswered.

Nervousness ahead of results today from Cadbury-Schweppes left the stock 5 adrift at 494p. Yorkshire Food Group made a strong market debut,



turnover of 33m. However, according to market gossip, Asda'a rumonred inclusion in the Pootsie could be at the expense of W.H. Smith, whose "A" shares lost 7 to 4220 yesterday.

shares gained 1% at 89%p in

Buying pressure squeezed Stakis higher as shares in the hotel and casino group were said to be chased by institutions. The stock climbed 3% to 51%p.

Euro Disney would shortly be

rebounded from Monday's weakness, with S.G. Warburg said to be positive. The shares appreciated 10 to 874p.

Drinks stocks continued to respond to positive talk on consumer spending and economic recovery, with the second linear taking centre stage yesterday. H.P. Bulmer jumped 16 to 393p, Greene King rose 5 to 533p, helped by an analysts 533p, helped by an analysts visit, and Wolverhamp-

visit, and Wolverhampton & Dudley gained il at 599p.

Bass was steady at 593p following a reported downgrade from James Capel.

Profit-taking combined with nervous trading as British Aerospace met with fund managers yesterday afternoon left the shares 5 lighter at 272p.

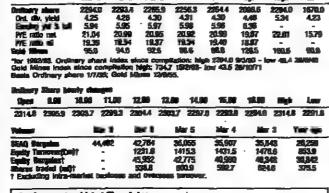
A view that shares in engi-

neering group Glynwed International, which reported a a 30 per cent increase in full year profits, was overvalued weak-ened the shares. They gave up 7 to 282p, with one market watcher suggesting little improvement in trading in the short term.

Vickers shed a penny to 118p, ahead of today's figures with a rights issue of between 230m and £100m expected from the company. BBA gained 5 to

High

FUNANCIAL TIMES EQUITY INDICES



Main Mars Nor5 Mar4 Mar3

Landon report and latest Share Index

EQUITY FUTURES AND OPTIONS TRADING

PROFIT-TAKING after an at 2,985, some 12 points above early advance caused a sharp retreat in stock index futures and the March contract surrendered most of Monday's impressive gain, writes Joel Kibazo.

The enthusiastic overnight performance on Wall Street seemed set to carry through into London when the March

Monday's strong finish.

This positive mood, however, only lasted a short while before heavy selling drove the contract down. Profit-taking, together with some uncertainty following the UK government's defeat over the Maastricht bill, seemed to be the main reason, although the contract on the FT-SE opened weakness in the fixed interest the New York opening.

rate markets also served to dampen sentiment.

By 11am the contract was trading at 2,866, and but for a brief rally over the hunchtime period, sellers continued to have the tuper hand, a fac-tor which also helped to pull the underlying cash market down. The day's low point of 2,950 was seen shortly after

After a brief bout of shortcovering, March ended at 2,959, down 14 from its previous close and around 8 points ahead of its fair value premium to eash of minus 1. Turnover was 19,592 contracts.

it was a dull day in traded options and volume was only 29,080 lots. The Euro PT-SE saw business of 3,049 and Marks and Spencer 3,065.

171p, after reporting a 53 per cent increase in figures. Profits also improved at

DE LATE ATT SHARE (Late)

Hourly movements

Transfer Technology and the shares responded by jumping 29 to 517p. Profit-taking hit Danka Business leaving the shares 52 down at 632p. News that Ocean Group was in talks to sell its bulk liquid storage company boosted the shares They added 10 to 296p.

Glaxo rebounded from the weakness inflicted by speculation over its dispute with US drug authorities, the shares leaping 16 to 666p. Medeva rose 9 to 225p ahead of results today.

MARKEY REPORTERS: Christopher Price, Joel Kibazo, Steve Thompson.

Other market statistics, Page 19

2949.9 -7.4 3119.2 -0.5 1435.58 - 2.64 P/E Ratio Mar 9 change % Mar 1 Mar 4 FT-SE 100 FT-SE 18M 280 -6.32957.3 2922.1 2904.R 2574.8 6.15 13.45 31192 2119.7 3107.9 3067.9 2540.7 6.59 4.11 FF-55-A 356 14542 -02 1457.1 14423 1251.1 6.24 4.08 20.41 6.11 FT-SE SmallCap at his Trinds 1582.97 +01 1550.93 1554.9R 1549.16 u 5.79 5.00 5.88 25.72 1566.45 +0,1 1564,72 1559.08 1553.04 5.82 24.61 20.70 FT-A ALL-SHARE 1435.58 -82 1438.22 1404.13 2 Stairting Materials(27) 3 Contracting Construct 4 Electricals(14) ~05 957.46 991.64 822.43 Rais -0.2 824.99 823.55 915.62 2763.58 5.28 5 Decimales (35) -1.7 2819.10 2617.73 2598.44 1883.86 1506 6 Engineering-Auruspace(7) T Engineering-General(52) 357.61 9.77 -41 562.5R 559.11 557.23 8 Melate 1 Metal Form 9 Melate(18) 10 Other Industrials(18) 389.74 337.57 4.45 32.67 40424 +0.1 404.01 403.42 400.52 326.26 36.04 20.87 2113,45 2092.15 2078.76 1598.21 5.79 4.03 0.39 2) CONSUMER BROUP(232) 22 Deputs and Distillats(20) 1744.56 1738.76 1720.00 1713.06 1688.40 6.73 1941.13 2168.05 1441.04 1279.42 2007.87 ±0.2 2003.00 1950.31 10.18 25 Food Manufacturing 26 Food Retailing(18) 1452.30 1459.89 1447.B2 7 12 1.54 2.40 3315.36 -83 3326.60 3279.97 3211.63 2672.25 26 Frage terrament of 27 Frage 1 Frage 20 Frage 3839.37 3797.57 3815.16 4287.03 5.04 1365.29 +05 1358.41 1350.38 1347.10 1347.99 1888.23 860.84 1909.89 1906.21 864.47 1887.85 1566.05 544 22,89 861.80 -0.3 858.28 774.13 5.24 6.18 1145.19 1135.01 1076.66 798.37 796.34 681.56 1182.48 * O.H 800.99 5.11 40 OTHER REQUIPE(142) 1545.50 40 OTHER BROUKPE(142) 41 Bosinas Serviceo(27) 42 Chemicals(23) 43 Conglomerates(11) 44 Transport(6) 45 Electricity(16) 46 Talephone Networke(4) 47 Water(13) 48 Minchareous(32) -0.5 1530.81 1519.80 1241.95 7.86 4.84 -0.5 1897.14 1695.98 1671.18 1407.12 +0.4 1535.72 1554.67 1554.91 1500.19 -0.5 1536.59 1520.12 1506.01 1381.88 +0.4 2947.59 2922.46 2925.52 2445.28 1688.22 5.31 5.83 6.82 1528.18 2960.09 1720.93 1720.58 12.59 -1.4 1807.78 1778.48 1769.44 1426.95 +0.1 ESN25 3538.16 3502.27 2480.11 -1.1 2464.12 2422.89 2407.42 1833.05 3542,17 12.76 6.71 11.63 1.64 2437.26 21.05 40 MINUSTRAL GROW 1488.43 -0.1 1490.02 1476.17 1468.03 1326.54 2434112 2425.10 2413.78 2056.00 5.00 59 "880" SHAFE WEEKING 1574.77 -6.1 1576.78 1562.63 1554.09 1895.76 E.S. 4.05 16.30 997.57 -0.5 1002.62 987.50 979.32 737 G 3.20 4.49 57.09 #2 Banka(9) ## ######## [1.Me)(6) 1383.48 1357.74 1343.60 900.00 1373.17 -87 2040.50 564.78 2049.74 666.44 2017.72 2007.36 1471.34 2.48 71.11 0.00 66 Insurance (Composite 87 Insurance Brokers(10) -82 657.52 653.33 480.39 811.58 791.01 993.53 797.27 7.29 5.42 2.32 68 Merchant Rankstift 011.00 -07 517.99 517.81 468.09 Property(28) 750.35 745.17 725.16 750.32 741.64 1.35 1/10 70 Other Financial(23) 71 Investment Trests(1 +08 348.15 345.32 14105 1469.23 1481.40 1190.12 -02 1479.90 228 287

FT-SE MID 250

FT-SE Actuaries Share Indices

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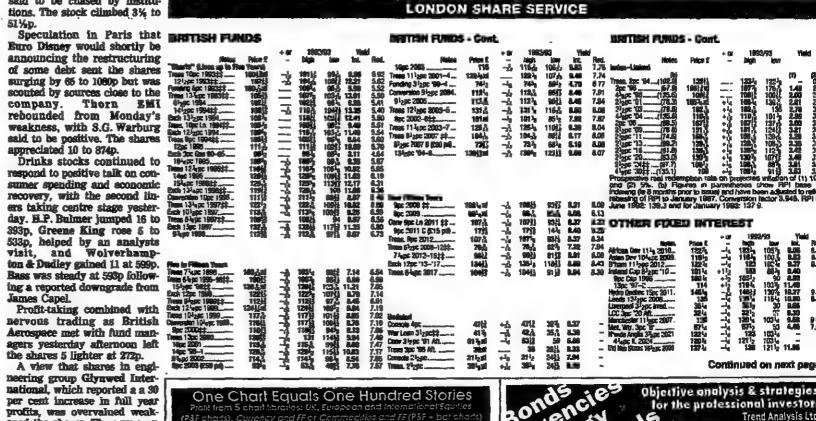
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The increase is the size of the FT-Actuaries All-Share Indices, is available from Fanancy 4 1963 means that the FT 500 note contains more stocks, it has been researed the FT 500? The Section FTE ratios greater than 50 are not shown. It values are negative.

The FT-SE 500, the FT-SE bild 250 and the FT-SE Actuaries 300 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Indice is compiled by The Financial Times Limited, both in conjunction with the limited set of ground rules. If the Interest Indice is of ground rules. If the Interest Indice is of ground rules. If the Interest Indice is of ground rules. If the Interest Indices is of ground rules. If the Interest Indices is not set of the London Stock Exchange and Times Limited 1953. All rights reserved. "FT-SE" and "Pootse" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Financial Times Limited. The FT-SE Actuaries Share indicate are audited by The WM Company.

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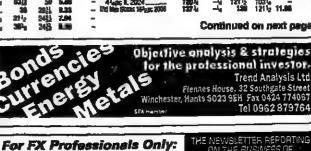
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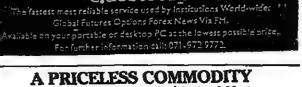
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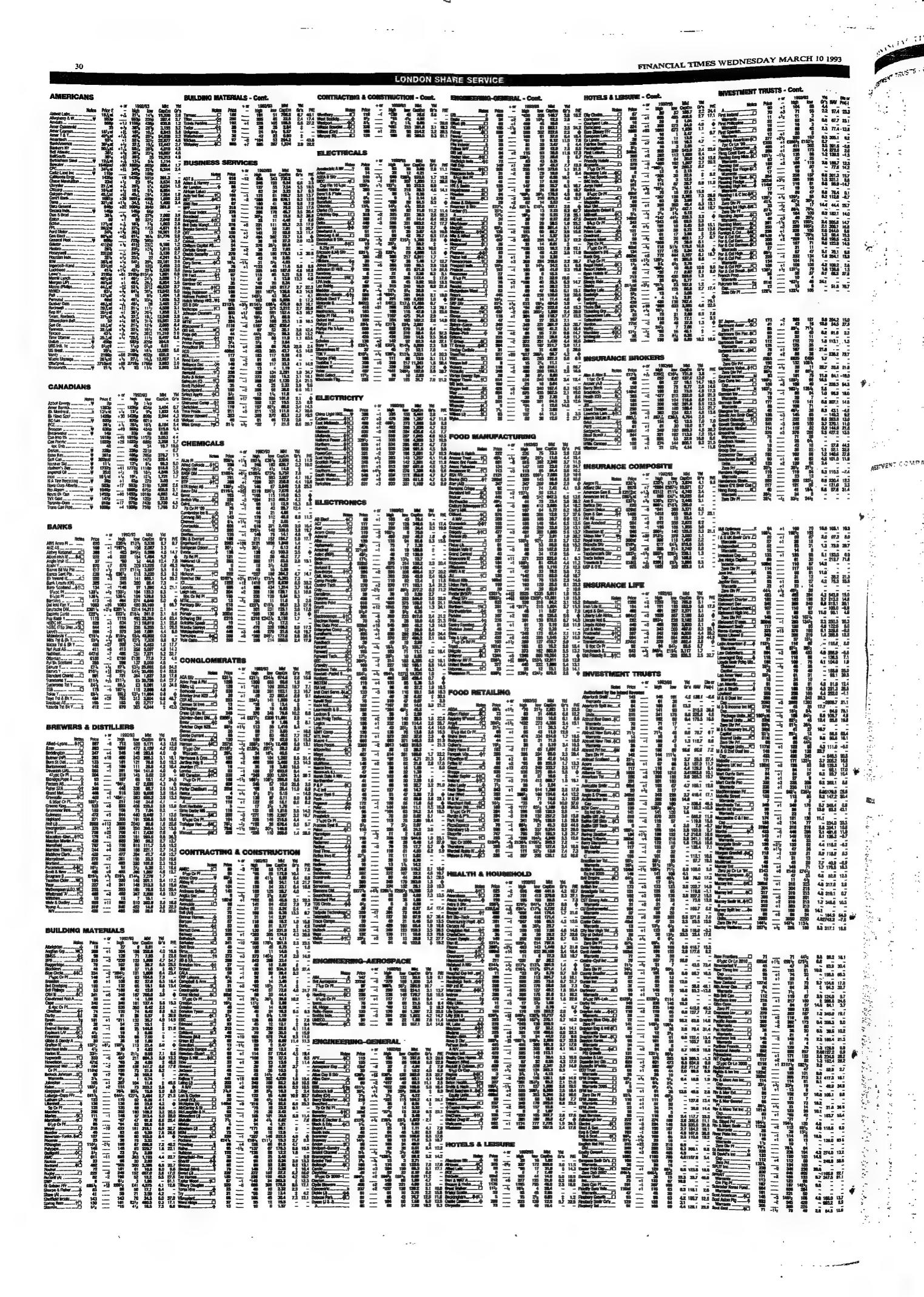


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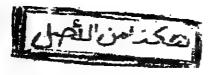
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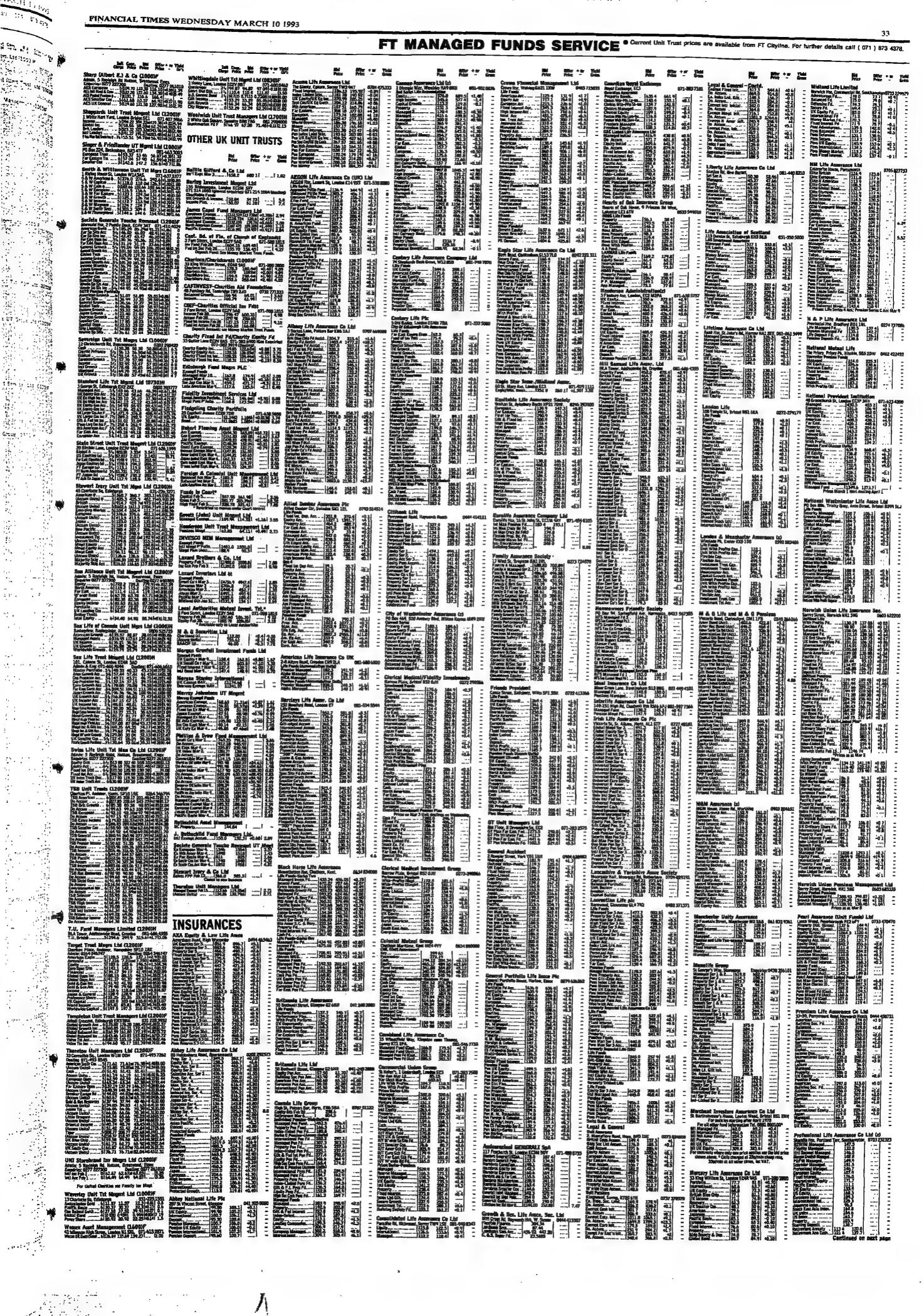
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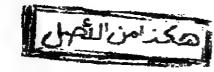
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FT MANAGED FUNDS SERVICE. * Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4376. | Price | Pric | Price | Pric 机路线 经证据

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FOREIGN EXCHANGES

Lira suffers setback

POLITICAL upheaval in Italy sent the lira sharply lower against the D-Mark yesterday,

writes Emma Tucker Rumours that Mr Giuliano Amato, the prime minister, might have to resign prompted a dramatic slide in the currency from L948.8 per D-Mark at the close on Monday, to L964

at last night's close. Mr Mark Brett, director of bond and currency strategy at Barclays de Zoete Wedd, said the market had reacted nega-tively to the fact that Italians were selling the lira heavily.

The markets thinks the Italians are in the know," said one analyst.
The Bank of Italy intervened

to prop up the currency as speculation about Mr Amato's future grew. He is in trouble because of a government-pro-posed decree which he co-au-thored that would take immediate effect and would allow corruption suspects to avoid

Expectations of monetary easing by the Bundesbank dominated the rest of the day's trading. One trader said forecasts for German growth were being downgraded by the day, as analysts caught up with the extent of corporate grief in

E IN NEW YORK

Mar.9	Latest	Previous Close
£ Spot 1 morth 3 morths 12 morths	1.4350 - 1.4360 0.37 - 0.35pm 0.98 - 0.76pm 2.75 - 2.65pm	1,4418 1.4428 0 38 0 37pm 0 97 0 95pm 2,74 2,67pm
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a Sank rate refers to central bank discount rates These are not contact by the UK. Spain and treland Exemption Commission Encytation.

All SDR rates are for Mar. B CURRENCY MOVEMENTS

Mar 9	Bank of England Index	Morgae** Gezránty Changes %
Starling U.S Dollar Lanadian Bollar Austrian Schilling Belgian Franc Dollar Krone Dollar Sens Franc Dutch Galler Franc Lira Yes Pegeta	77.3 66.7 97.5 115.1 116.0 118.7 129.1 109.8 109.8 78.7 164.7 99.4	-32.06 +11.8 -4.94 +16.67 +1.78 +12.21 +31.63 +17.21 +20.97 -34.91 +102.73 -24.37

1980-1982 = 100. Bank of England index (Base Average 1985 = 100), "Plates are for Mar.B. STHER CHROCHES

Mar 9	2	S
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Hong Kong .	11 1040 - 11 1160 2200.00	7.7310 - 7.7329 1485.00°
Korea(Sb)	1136 45 - 1154 75	
Kewait	0.43850 - 0.43950	0.30520 - 0.30570
Lucambaorg Malaysia	49 25 49 35	34.35 - 34.45
Merico	14035 - 14000	3.1050 - 3.1070
N.Dedical	2.7185 - 2.7220	1.8910 - 1.8935
Saudi Ar	5 7025 - 5 3933	1795 - 1756
Sjagapore S Af (Cm)	2.3400 - 2.3470 4.5400 - 4.5705	1.6445 · L6455 3 1785 - 3 1805
SAI (Fa)	6.3765 - 6.3910	4.5750 - 4.5850
Talwan		25.90 - 36.00
U.A.E	5.2605 ~ 5 200.0	3.6715 - 3.6735

in the early afternoon. Analysts said there was nothing significant in the rise, although news that IG Metall, the German metal and engi-neering workers' union, had called for token strikes in east Germany, provided some sup-port for the currency. The dollar closed in London up half a pfennig on the day at Sterling weathered the gov-ernment's defeat over the

The dollar struggled in late

trading after a lurch upwards

Maastricht treaty on Monday night relatively well. It slipped a pfennig on the day but dealers reported that overseas investors were quick to buy the pound back from a DM2.3854 low.

Mr Brett said fears about the UK's role in Europe were "overplayed", pointing out that Monday's defeat did not threaten ratification of the treaty, but merely delayed it. Although overseas investors

are confused by the UK pa ment's machinations of Maastricht, dealers repo that sentiment towards pound was generally "m

CURRENCIES, MONEY AND CAPITAL MARKETS

However, many analy doubt that the pound will able to break above DM before the budget. Suggest that they may raise taxes co cause the currency to slip,

"If there is anything aggressive in the budget on cal policy, the currency m wobble because the mar will start to expect furt interest rate cuts," said Brett. The pound closed DM2.3925.

The franc was margina lower against the D-Mark closed at FFr3.391 compa with the previous close FFr3.389. The peseta was a slightly weaker, closing Pta71.12 against the D-Mark

EMS EUROPEAN CURRENCY UNIT RATES							
	Ecu Central Rates	Carrents Amounts Applical Eco Mar 9	Central Rate	Western Currency	Divergence ladicator		
Spanish Peseta	142 150 0,809996 2,20045 180 624 40,2802 1 95794 1 MV24 6,54988	0.797846 2.1823 179.230 39.973 1. WILD 7.44744 6.56359	-2.60 -2.90 -0.77 -0.78 -0.58 -0.51	3.23 2.05 1.35 1.30 1.29 1.10 0.54 0.00	45 57 27 13 26 22 -10		
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POUND SPOT - FORWARD AGAINST THE POUND									
Mar 9	Day's spread	Chese	One month	P.L.	Three months	PA.			
nada therlands igium sonark land rmany stucui	1 4325 · 1 4450 1 7860 · 1.7995 26815 · 2 7025 49 15 · 49 40 9.1580 · 9 2250 0 9815 · 0 9855 2 3850 · 2 4056 2114.6 · 721 19	1.4345 - 1.4395 1.7864 - 1.7870 2.5850 - 2.6950 49 25 - 49.35 9.1675 - 9.1775 0.9830 - 0.9840 2.3900 - 2.3950 20.15 - 721.15	0.38-0.36cpm 0.16-0.07cpm 1 ₂ -1 ₂ cds 8-13cds 51 ₄ -7 2 ₄ creds 0.48-0.55cds 1 ₂ -1 ₄ creds 1 ₇ 0-187css	1550554P7	0,99-0,96pm 0,31-0,18pm 1 \n-1 \nids 26-31dis 19 \ni-22 \nids 121-1 \nids 1 \ni-1 \nids 446-479dis	25551299 12955199			
alaiy Iv	169 75 - 170.95	170.05 - 170.35 2307.75 - 2505.75 10.1450 - 10.1750 811100 - 0.1300	155-179008 9-12/breffs 14-34-preffs	11.77 -5.44 -2.88 -5.91	349-4104k 27-30ds 54-846s	-8.38 -1.94 -2.78 -2.78			

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR									
Mar 9	Day's spread	Close	Gee march	P.L	Times mortin	P.L.			
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EXCHANGE CROSS RATES												
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ther Mr	LOMDON (LIFFE) 9% NOTIONAL BRITISH GOLT • \$50,000 32=6 of 100%	CHICAGO U.S. TREASURY BORDS (CBT) 8%
ally	Close High Law Pres. Mar 107-30 106-06 105-30 106-06 Jm 106-31 107-11 106-28 107-11 Estimated column 29033 (22844) Precious day's open lat. 79636 (79039)	Sign State Sign
red of also	US TREASURY ABRIES 6% ** \$100,000 32ah of 100% ** Close High Law Pres. Mar 113-06 113-27 Jan 111-30 112-15 Ruhmurat misum 0 CD	Jun 105-31 105-31 105-51 105-51 105-51 105-62 105-62 105-62 105-63 103-23 103-23 103-6
k	Estimated volume 0 (5) Previous day's open lot. 318 (318) 4% ROTHINAL CERMAN GOVT. MINE *	U.S. TREASURY BILLS (DANC) \$1.00 points of 100%. Latest High L
	MUSSB,006 100ths of 100% Law Free Law Section Law Free Law Section	Latest High L. 96.28 96.90 96. 96.59 96.70 96.
Or _	Previous day's open tot. 128959 (128303) 6% NOTIONAL MERITAN TERM GERMAN GRYT.	RECTESH POLING (DANG) Se per E
	Clase High Low Prevalent 1844 Prevalent 1845 Prevalent 1865 Prevalent	Latest High Li Mar 14374 14440 1.43 Jon 14280 14366 1.42 Sep
	6% NOTIONAL LONG TERM JAPANESE GOVT.	SWISS FRANC (MINI) SFr 125,000 \$ per SFr
hanges h; the mitted	9009 Y140m 1986s of 109% Close High Low Jun 110.57 110.73 110.52 Sep Estimated volume 1306 (594) Traded exclusively on APT	Latest, High Lord C.6599 0.6590 0.6590 0.6590 0.6590 0.6595 0.6495 0.6476 0.6470 0.6496
0	12% MOTERNAL ITALIAN GOVT. MAND CETTY * LIBA 200m 1000m of 100%	PHE ADELPHIA SE L/S OPTIONS EST 250 (code per 51)
272 055	Line 96.75 97 LO 96.30 97.34 Sep 96.56 97.30 97.37 Extinated volume 23626 (15334) Previous day's open int. 44302 (41860)	Strike Cath Price Mar Agr 1-375 6-07 6-17 1-400 3-50 4-24
180 110	THIRE HONTH SYEM ING. (500,000 points of 100% Close High Law Prov.	1.425 1.44 2.65 1.450 0.21 1.56 1.475 0.02 0.82
0144528442432103	Nam 94.03 94.07 94.03 94.00 Jun 94.09 94.04 94.07 94.59 94.44 94.07 94.57 94.64 94.77 94.64 94.77 94.64 94.77 94.64 94.72 94.64 94.72 94.64 94.72 94.64 94.72 94.07 94.0	1.525 0.14 16 Provious day's open int: Calls 79,316 1 Provious day's volume: Calls 33,145 Par
2.63 2.67 1.72	Est. Vol. (ier. figs. not shown) 44672 (26676) Provious day's optic let. 238853 (288406)	7 to 10 YEAR 10% NOTIONAL FRENCH Open Sett prior
3,16 danta	THREE MONTH EUROBOLLAR * Sins points of 186% Closs Hills Low Prev. Mar 4.14 92.75 92.73 92.75 Jun 90.97 90.97 90.95 96.62	March 115.50 115.30 Juni 117.46 117.14 September 117.58 117.25 Estimates volume 176,638 (Total Open
NR.	Jun 96.59 96.59 96.55 96.62 Seg 96.57 96.38 96.33 96.44 Dec 95.99 96.00 95.96 96.11 Est. Val. Onc. Plas. not shown) 2222 (1917)	THESE-MONTH PINCE FUTURES (MATE) March 69.89 63 85

High 92.07 93.16 93.92 94.60 94.75

isteri rokusia 69737 (64013) suu day's open int. 512622 (515868)

Estimated volume 3255 (1666) Previous day's open Int. 18175 (18661)

91.77 91.78 95.55 95.59 95.80 95.82 95.91 95.91

High 89.08 89.75 Wh.10 99.08

3925 0 3001.5

Contracts traded on APT, Closice prices shows.

1-mth, 3-mth, 6-mth, 12-mth, 14313 14252 14179 14083

Estimated onlying 3765 (3864) Province day's open lat., 49933 (49572)

Estim**eted volume 4230** (1718) Previous day's open int. 30685 (30716)

Esthented volume 14326 (13393) Previous day's open let, 53625 (53203)

POUND - DOLLAR

PT FOREIGN EXCHANGE RATES

Latest High Low Pres.
112-31 113-16 112-25 113-25
111-22 112-29 111-11 111-25
110-09 112-09 110-04 110-18
109-07 109-11 109-03 109-12
109-07 109-11 109-03 109-12
105-02 105-02 105-02 105-02
105-02 105-02 105-02 105-02
103-23 103-23 103-23 103-23 S. TREASURY BOLLS CHIECO ISS FRANC (ISM) 125,000 \$ per SF ELADELPHIA SE L/S OPTEDN 1,250 (cests per £1) Brown Shipley & Co Ltd Founders Cours, Lethbury, Lendon ARIS 7.70 7.44 7.42 1 Open in 136,622 136,619 29,744 Change -0.28 -0.40 -0.38 rest 302,703 High 115.58 117.46 117.56 115.24 117.12 117.30 CAC-40 FUTURES (MATER) Shelt index 2036.0 2034.0 +6.00 2057.5 2054.5 +6.00 2057.0 2070.0 +6.00 2051.0 2061.0 +6.00 2061.0 2061.0 +4.00 ates volume 12,903 r Total Open Interest 64,979 2020 8 2045 0 2073.0 2053 0 37,871 8,567 1,054 8,713 March 113,70 113,30 -0.52 Estimated volume 6,122 | Total Open Interest 14,375 113,72 OPTION ON LANG-TERM FRENCH SOND GLATET Calls June 1.30 2.47 1.75 1.14 9.66 170,094 0.97 1.66 10,760 16,558 23,732 90,002

AND OPTIONS

LOTTE BUIND FUTURES OPTED DM250,000 palets of 190%

Estimated volume total, Calis 17931 Pets 2740 Previous day's mass lot. Calis 160244 Pets 1090:

BASE LENDING RATES

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Courte & Co ..

t All York & Open Interest, figures are for the previous day.

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nnet Douglas Sk. (nd Benk

Mount Barrisho Rooburghe Bank Ltd ..., 6 Royal Bk of Scotland 6 dard Chartered 6 Uniberik dic... BUnited Etc of Kusweit ... Unity Trust Benk Pic ... 8

Merchant Banking & Securities Houses

MONEY MARKETS

Futures drift lower

EUROPEAN CURRENCY futures drifted lower yesterday in generally quiet trading. Although the market is still

expecting the Bundesbank to ease its officially posted rates on Thursday next week, one dealer commented that expectations had raced ahead too

"I think there has been too much expectation priced into the market and people are now reining back," he said.

The June Euromark futures contract eased slightly from an open of 93.12, leading to a sharper fall in French franc

UK clearing bank base lending rate 6 per cent from January 26, 1993

The June Pibor contract dropped from 91.58 at the open to around 91.52.

Sterling futures also slipped on the day, with a weaker pound and concern over the government's defeat in the House of Commons over the Maastricht treaty compounding the downwards

Few in the UK money markets expect a rate cut on budget day next week. Even afterwards, dealers are not optimistic that the authorities will ease policy at an early stage, especially while the pound is languishing at around

The market appears to have taken on board comments by the Bank of England that it does not want to see the pound significantly lower than current levels.

One dealer complained that each time the pound recouped some of its losses, a full scale recovery was scuppered by political mishaps.

"So long as the government keeps shooting itself in the foot with the pound, the longer it is going to be before they can cut rates," he said.

The June short sterling contract, which opened at 94.56 was trading around 7 basis points lower at the close.

After the Bank of England unexpectedly forecast a cash surplus on Monday, yesterday saw the usual forecast for a liquidity shortage. Ironically, the market was reluctant to part with paper and overnight rates were forced up to around 8 per cent, compared with Monday's 4 per cent. One week money firmed to just over 6 per cent from 5½ per cent. Further out there was little movement. rate was unchanged at around 5% per cent on the offered side.

The shortage, which was revised during the day to £1.3bn was relieved in the late afternoon when the Bank provided late assistance.

FT LONDON INTERBANK FIXING								
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bid 31 ₀	offer 31 ₄	bid	34	offer 34				
The fixing rates are the arith quoted to the market by five Bank, Bank of Tokyo, Dept	metic means rounded to the i reference basis at 11.00 a.i sche Bank, Banque Hallacai	earest one-six m. each worki i de Paris and	teenth, of the to op day. The bar Morgan Gear	ild and offered rates les are flational We esty Trept.	for \$10m simlester			

MONEY RATES							
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Tine Trade Bills (Buy) Dellar CDs IDR Linked Dep. Offer. IDR Linked Dep. Bid ECU Linked Dep. Offer.	=	= .	3.03 3.04 9.12 9.12	3.09 413 913	3.20 413 403 981	3.48 45 45 85 86

tender rate of discount 5.3717. "EGD Fixed Rate Sterling Export Finance. Make up day February 26, 1993. Agreed rates for period March 24, 1993. to Agril 25, 1993. Scheme; 7.35 p.c., Schemes II & Ill: 7.47 p.c. Reference rate for period January 30, 1993 to February 26, 1993. Scheme IV-8.49; 6.228 p.c. Local Anthority and Finance Houses seven days footice, others seven days footic. February 26, 1993. The footing footing the footing footing footing the footing footing

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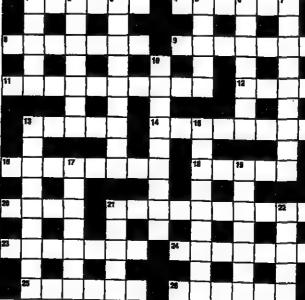
not have the added costs associated with offering a wide range of investment products. So we can save you money - and provide service that is first class by any standard. discount or full price. •Third, with 16,000 customers worldwide, we can take advantage

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mone home net at Afric MCSUM SIL	Fax: 071-247-0471

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CROSSWORD

No.8,097 Set by CINEPHILE

13

41

្នំ

ACROM of cards for game is of little value (6)

4 Man in the police made one of the WW (6) Sheep straying at American site of WW (7)

9 Very small part of capital, site of WW (7) 11 One way to tell a venom's venomous? (10) 12 Head spread? (4) 13 Expend, uselessly, one's mid-

dle sound (5)
14 Sort of dialogue in acrostic form (8)

16 Guide to monster that's eaten mother (8)

18 A right acquired, in a manner of speaking (5)

20 A service returned some way

off (4) 21 Entertaining audience for WW (10)

28 Needing rest, I am enshrined in WW (7)

24, 17 WW gets tough about endless heart disease on a horse,

say (7,7) 25 Oriental flower festival (6) 26 Imperialist site of WW (6) 1 Some coconuts with some

practice will produce it (5)
2 Economise in 13 above (7)
3 WW has a quiet word about a
high-class fish (9)

AIB Bank High Interest Cheque Account Betweet Rd, Unbridge UBS 15A 0000 322115 121500-09,999 127 170 2.99 0r 12150000 174 2.61 1.79 0r Leopald Joseph & Sens Limited
29 Gresham Street, London ECSV 7EA 077, 596 232) 202 Mih 4 59 Mib 5 LL Mib 5 JB Mih 5 JB Mih 5 JB Mih 揚 131 231 m 131 141 m

WW has the same meaning wherever it occurs in the clues

5 Middle Earth, possibly (5) 6 Site of WW with games to play: I'm nothing else (7) Result of weeding out with

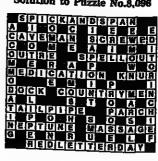
pole by horticulturalist (no centre haif) (5,4) 10 Character of trippers on a

generator (9)
13 Employees were dressed in frock, strangely, inside (4.5)
15 Toast chap prepared for travelling by sea (5.4)
17 See 24

19 Pious exclamation about love by friend doubly exalted (4,3) 21 River I located during learning (5)

22 What's wrong with the FT is a hole in the head (5)

Solution to Puzzle No.8,096



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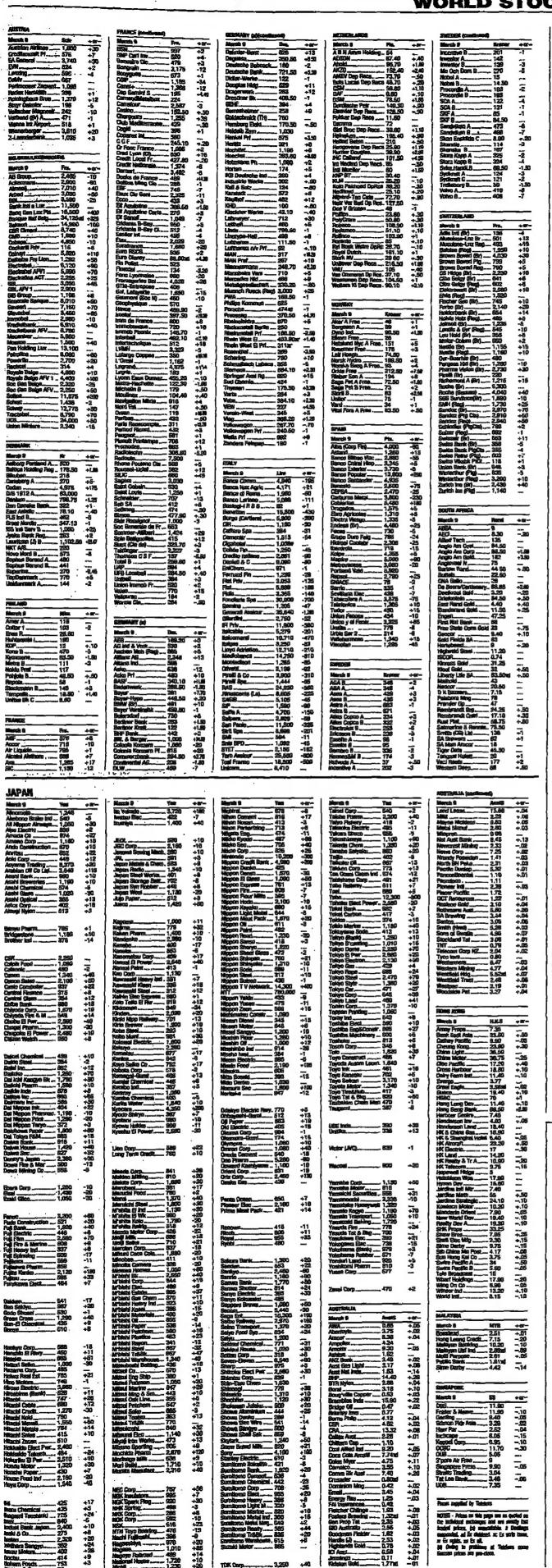
3 Sec - Buy neg (Indian)

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1562.12 1538.45 1533.11 151	1257 1589.51 1204.40 1589.51 12.32 87733 (2710.51)	Credit Alaber (20/12/84) Trades Index (2/1/81) BELGALAR	955.97 854.75 8	68.31 854.15 18	98.57 (24/2/92) 98.43 (24/2/92)	291,41 (13/8/92 882,96 (13/8/92
DJ ledf. Day's H	(3/3/95) (6/4/92) (3/3/95) (6/4/52) (pp 3/76.90 (3/4/7.81) Low 3/01.34 (33/73.25) (Theoretically)	DENMARK Coperinges SE (2/1/67)			26.12 (80/93) 8.29 (16/1/92)	1048.07 (2/8/92 250.42 (28/10/9
STANDARD AND POOR'S	ýs High 3470177 (3430.22) Low 3404.55 (2322.16) (4200)(4) 8.28 454.77 284.50 454.71 4.40	FINLAND MEX. General (28/12/90) FRANCE			04 60 6/3/23	541,00 (7.9/92
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spite of profit-taking

US SHARE prices were little changed in light trading yesterday as investors and dealers consolidated Monday's recordbreaking gains, writes Patrick

At 1 pm, the Dow Jones Industrial Average was down down 1.89 at 3,467.53. The index spent the entire morning session only a few points on either side of opening values. The more broadly-based Standard & Poor's 500 was down 0.64 at 454.07, while the Amex composite was up 1.61 at 418.34, and the Nasdaq composite 0.79 higher at 688.02. Trading volume on the NYSE was 186m shares by 1 pm.

The morning was dominated by profit-taking, as investors sought to book some of Monday's gains. Yet, in spite of the selling, prices held their own, an indication of the resilience of the market, which remains supported by extremely low interest rates, low inflation, and hopes for continued improvements in corporate

Prices may also have been supported yesterday by further indications from the White House that President Clinton is

Brazilian stock markets have seemed remarkably immune to the

political and economic instabil-

ity that surround them. Yet

underneath their calm exte-

rior, it appears that the bal-

ance is tenuous, provided by a

jittery combination of push

Haddad resigned as finance

minister and Mr Itamar

Franco, the Brazilian presi-

Resende as his replacement -

people alike - the São Paulo.

or Bovespa, index lost just 1.4

drop in real terms, but on Mon-

day of this week the market

rebounded with an 8.1 per cent.

losses. Most traders agreed

that Monday's jump was pri-

marily due to defensive moves

by investors, worried about

potential politico-economic ini-

interest stocks. Yesterday the

Bovespa was a further 3.2 per cent ahead at noon.

Before the ministerial shak-

eup, Brazilian equities were up

with the leaders among emerg-

ing markets. In the two

months to end-February they

showed an increase in dollar

terms of 21.7 per cent, accord-

ing to figures from the Interna-

tional Finance Corporation in

Washington, outpaced by only

From December to February.

the Bovespa index gained 207

per cent, compared with infla-

Turkey and Taiwan.

NATIONAL AND

Australia (68

Austria (18)... Belgium (42).. Canada (113). Denmark (33)... Finland (23)...

Europe (778)

Inflation of about 5 per cent

Last week, after Mr Paulo

On Monday, reports said that the President would accept an additional \$55bn in cuts; by yesterday that figure had risen

Analysts have warned, however, that stock prices could be hit by a short-term correction over the next week or so. Some remain nervous about the Dow's record highs, fearing that prices may have risen too far, making stocks overly expensive in relation to future corporate earnings.

Among individual stocks, banks remained in demand, as investors bought them in the expectation that low interest rates will boost bank earnings. BankAmerica rose \$1% to \$53%, aided by a ratings upgrade from the broking house, PaineWebber, Citicorp added another \$% at \$27%. Banc One \$1 at \$52%, Wells Fargo \$2% at \$108% and Chemical \$% at \$42%.

Also in the financials sector, American Express rose \$1/4 to \$271/2 and Primerica jumped \$2% to \$42% after the two groups confirmed that they are in talks which could lead to Primerica buying the brokerage and asset management operations of American Express' troubled Shearson

Tenuous balance beneath

Bovespa's calm exterior

Bill Hinchberger analyses Brazil's equity market

Safeway rose \$1% to \$13% as positively to Monday's news that the food retailer's chairman, Mr Peter Magowan, is stepping down as chief executive to run a baseball team in California.

Allied-Signal rose \$1/4 to \$67% after the chairman, Mr Lawrence Bossidy, said that the company was on target to meet its previously announced earnings forecast of between \$4.50 and \$4.75 a share.

Some leading drug stocks were under pressure, with Merck down \$% at \$37%, Pfizer \$% lower at \$60% and Bristol Myers-Squibb down \$% at

Canada

TORONTO recovered from opening weakness but prices were flat in dull midday trading. The TSE 300 index was up 2.24 to 3,553.28 in volume of 20,57m shares.

group of companies firmed foilowing the release of annual earnings from Hees International and Brascan late on

Hees International rose CS% to C\$9% and Brascan class A

Dow holds its own in Milan drops on political turmoil fears

BOURSES mostly offered a modest response to Wall Street's overnight gains, writes Our Markets Staff, and some of them managed to ignore the Dow altogether.

MILAN faced the spectre of a government in serious trouble, and what was briefly seen as the possibility that the prime minister, Mr Giuliano Amato, might resign. The Comit index fell 17.11, or 3.2 per cent to 511.02 with the biggest casual-ties in blue chips, small banks and insurers which had outperformed in the recent rally.

News that a lunchtime cahinet meeting was being delayed and that Mr Amato planned to see President Oscar Luigi Scalfaro unnerved investors, already digesting a resignation threat by the justice minister. Mr Giovanni Conso, and more arrests in the ever-widening political bribes scandal. Mr Robert Meiyer, of Inter-

sim in Milan, said that the market was still taking the bribes scandal in its stride. "But if the government is facing collapse, that is another

Mr John Stewart, of Pastorino and Partners in Milan. added: "The market over-reacted. It certainly looked as if

expected from a technical point of view; a lot of call ontions are being exercised due to the end of the account later in the week. But the political situa-tion has also become very problematic and Mr Amato's position is seen to have been

FRANKFURT got an early boost from Wall Street and a late one from BASF before it closed with the DAX index 18.31, or 1.1 per cent higher at 1,713.13. After hours, the dividend from Hoechst was an opposing influence.

Turnover rose from DM6.6bn to DM8.2bn. Mr Thomas Nolten of B Metzler in Frankfurt said that the DM10 dividend from BASF compared with fears of DM9 or even DM8, and lifted the shares by DM12 to DM240.50. Carmakers reflected the high liquidity in the mar-ket, although rises of DM10 to DM491 at BMW and DM12.50 to DM625.50 at Daimler were slightly offset by a 70 pfg fall to DM287.70 in Volkswagen

The BASF decision led to hopes that Hoechst, too, would pay more than the DM9 expec-ted and Hoechst rose to DM263.50 in the post-bourse

in active trading after hitting

the day's peak of Y829,000. Traders noted profit-taking by

investment trusts. Fujikura, a

cable maker closely linked to

NTT, retreated Y11 to Y599 on

steel and electrical issues. Nip-

pon Steel, the most active issue

NKK Y8 at Y265, Hitachi Y26 at Y747 and NEC Y56 at Y767.

the Japan Railway Group

firmed on speculation that the

issues will benefit from the

expected listing of JR East

later this year. Nippon Signal,

the railway signal maker,

moved ahead Y20 to Y1,360,

while Tekken, a construction

company and contractor for JR

Companies with close ties to

of the day, put on Y10 at Y317,

Foreign investors sought

IT-SE Actuaries Share Indices March 9 Opes 16.30 11.80 12.00 13.00 14.00 15.00 Close Hourty changes FT-SE Eurotrack 100 1161.91 1161.98 1182.60 1164.36 1163.38 1183.24 1163.56 1164.26 FT-SE Eurotrack 200 1233.01 1231.94 1231.73 1233.60 1233.25 1229.81 1230.41 1230.72 Mar 8 Mar 5 Mar 4 1159.70 1225.29 1156.15 1216.30 1158.99 1229.32

against a close DM2.70 higher opinion on the stock remained at DM256.30. Unfortunately. bearish in a couple of major Hoechst delivered DM9 in the afternoon, and the shares came back again to DM257.50.

PARIS persisted with its interest rate cut hopes and the CAC 40 index closed 5.83 higher at 2,009.69. One trader said that buying was centered around smaller companies which had been lagging behind the market.

Remy Cointreau was up FFR8.80, or 6.2 per cent to FFr151.80 while Alsace Supermarche led the winners with a lift of PFr231. or 13.8 per cent to FFr1,911 in 21,000 shares. Euro Disney rose FFr4.30, or

5.1 per cent to FFr88.80. One analyst said he expected an announcement "any day" from Euro Disney about refinancing

Biom value 1000 (26/10/90) Highelay: 100 - 1185.71; 200 - 1234.35 (Louvilly: 100 - 1161.84 200 - 1236.75. both have stakes, announced its largest oil and gas find in easing European rates, but

> ZURICH benefited from expectations of lower interest rates and the SMI index added 19.1 to 2,151.3 after peaking at 2,157.0.

Alusuisse bearers rose SFr13 to SFr501 as the company announced an unchanged 1992 dividend and forecast unchanged results for 1993.

AMSTERDAM continued in positive mood, supported by the dollar and Wall Street. The CBS Tendency index rose 1.1 to

Philips added 30 cents to Fl 23.60 in active trade as recent US demand was followed up by local investors.

BRUSSELS trading was dominated by Delhaige which

ing touched 6,557.10 during

morning trading. Turnover improved to HK\$4.62bn. The

previous record of 6,502.81 was

Banks were the best blue

chip performers, with HSBC rising HK\$1 to HK\$70. Hang

Seng Bank closed HK\$2.50 up

at HK\$69.50 after touching

HK\$70. Electronics companies

were ahead on expectations of

AUSTRALIA tried to take its

lead from events on Wall

Street, but continuing election

nerves held gains in check and

the All Ordinaries index ended

Retail trade and jobs vacan-

cies data helped the mood.

Retail stocks fared well, nota-

bly Coles Myer, which rose 11

improved sales to the US.

16.6 firmer at 1,633.7.

set last Friday.

closed BFr58 or 4.7 per cent ahead at the day's high of BFr1,292 in response to a prof. its forecast. The Bel-20 index closed 8.27 firmer at 1,236.12 in turnover of BFr1.635bn.

OSLO's all-share index rose 8.69 or 2.1 per cent to 429.05 in very active trading. panese p Norsk Hydro and Saga Petro-leum each added NKrL50 to NKr169 and NKr67.50 respectively after Statoll, in which

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recent years in the Nordland II area of the Norwegian Sea.

DUBLIN seemed to offer a positive response to Wall Street, the ISEQ overall index rising 23.96 to 1,397.43 for a two-day gain of 3.1 per cent, but foreign buying, the possibility of the government's 30 per cent stake in Greencore going into corporate, rather than institutional, hands and above all, the drop in domestic interest rates were also put up as factors.

Irish interest rates have come down from 13% to 12 per cent since February 19, another half-point cut is on the cards and professionals are looking for a fall to 10 per cent or lower by the end of this

SINGAPORE was mixed

with banks continuing to shed

some of their recent gains.

The Straits Times Industrial

index eased 3.32 to 1,657.72

in volume of 221.9m shares.

OCBC Foreign declined 30 cents to S\$11.70 and UOB For-

eign dipped 15 cents to \$38.95.

Inchcape was 15 cents lower

around midsession after shares

came under unrelenting selling

pressure. The BSE index fell by

132.64, or 5.4 per cent, to

2,318.56 before trading was

stopped by the authorities because of the "abnormal

TAIWAN saw particular

weakness in financials as the

movement" of prices.

BOMBAY suspended trading

Foreign buying supports Nikkei's advance

ered profit-taking by invest-ment trust funds, and equities gained further ground in volume of 850m shares, the heavi-est trading since September 1991, writes Emiko Terazono in

making a 6.1 per cent rise over the last two trading days. The index opened at the day's low of 17,724.89 and rose as high as 18,047.16, breaching the 18,000 mark for the first time since September last year. Profittaking by the investment trusts pared some of the gain

although in London the ISE/

In spite of the rise, some derivatives traders were caufixing for settlements of March contracts of stock index futures and options. Mr Mass Sato at S.G. Warburg said the the end of the week as the bulk of options positions held by market participants would become profitable if the Nikkei

Nippon Telegraph and Telephone was once again the focus of trading. The issue closed unchanged at Y780,000

SOUTH AFRIÇA

sald that results from the diamond giant, De Beers, were at the top end of expectations and lifted the market.

index advanced 34 to 3,425, to 4,449 and golds appreciated

126.01 153.63 128.49 185.70 119.48 152.27 110.52 142.12 175.44 273.94 94.92 89.80 138.69 168.75 96.62 129.69 260.18 262.28 133.30 140.95 260.18 262.28 133.30 140.95 260.18 262.42 5109.76 1789.77 139.08 169.70 45.68 48.52 134.50 192.95 168.90 29.56 169.90 169.70 45.68 169.70 174.62 169.70 174.62 169.70 174.62 176.80 177.71 174.62 176.80 177.71 174.62 176.80

118.24 128.34 122.77 105.90 174.82 64.95 64.95 96.62 227.15 135.55 96.62 227.15 130.53 130.53 121.63 131.63 142.69 103.51 147.66

Ube Industries ended Y30

higher at Y890 and Nippon

In Osaka, the OSE average

was 309.16 firmer at 18,793.44 in

volume of 212.4m shares. Phar-

maceuticals, electronics and

constructions were among

leading gainers. Nintendo, the

video game maker, climbed

POLITICAL events again domi-nated some of the larger

from renewed prospects of

Sino-British talks soon and

shares resumed their record-

HONG KONG took heart

Y320 to Y10,200.

Pacific Rim markets.

Roundup

Zeon Y16 dearer at Y588.

ACTIVE foreign buying count-

The Nikkei average advanced 161.83 to 17,848.30, during the afternoon.

Volume climbed to almost four times the recent market average, on active buying by arbitrageurs and short-covering by foreign investors. Gains led losses by 761 to 291, with 124 issues unchanged. The Topix index of all first section stocks added 18.87 at 1,339.77, Nikkei 50 index closed just 0.32 up at 1,074.97.

index were to fall below 17.500.

JOHANNESBURG analysts

De Beers was R2.60 higher at R68.85, while the overall industrials moved forward 28

COLLAR INDEX

breaking run. The Hang Seng index finished 25.84 stronger at companies, gained Y13 at Y773. weighted index receded 127.11, cents to A\$4.75 as retail trade Aids-related shares firmed on an all-time high of 6,508, havfigures boosted hopes for its or 2.8 per cent, to 4,474.47. FFE introduces Bonos futures.

On 10 March LIFFE, Europe's leading financial futures and options exchange, introduces Bonos futures on its renowned 'open outcry' trading floor.

The Bonos futures contract has been developed in close consultation with both international and domestic investors to satisfy their risk management requirements on the

Barclays de Zoete Wedd Futures Ltd 071-956 4750 Credit Lyonnais Rouse Ltd 071-638 0293 Robert Entenman Finat Futures UK Limited 071-638 5729 Andrew Berry Geldermann Limited 071-621 9366 Michael Hunwick **GNI** Limited 071-378 3746 Hugh Morshead J P Morgan Securities Ltd 071-779 3333 Andrea Morresi Midland Futures/Div Midland Bank Ple 071-336 3632

long-term Spanish government bond market. Bonos futures consolidate LIFFE's unrivalled range of international contracts providing further trading opportunities in

For further information, please contact the designated brokers below, any other LIFFE member, or Business Development at LIFFE.

eight major currencies.

NatWest Futures Limited	
Mark Randali	071-638 2172
Refco Overseas Ltd	
Richard Reinert	071-488 3232
Tullett & Tokyo	100 0202
(Futures & Traded Options) Ltd	
Nigel Coupland	071-827 2401
UBS Phillips & Drew Futures & Helen Parlit	Options Limited



LIFFE, Cannon Bridge, Landon EC4R 3XX. Tel: 071-623 0444. Fex: 071-248 5864

Bovespa Index in \$ terms (rebased) dent, named Mr Eliseu a nomination widely criticised by politicians and business during the week boosted the 100 negotiations with foreign creditiatives, shifting out of fixed tors. Yet these positive signs

tisation programme.

rates according to their costs. without interference by central authorities. Large industrial users currently pay about \$45 per megawatt hour, compared with an average generating cost of \$70 per megawatt hour. The prospect of higher prices made leading utility equities

tion of 99 per cent for the period. In December, improvement was primarily sparked by the end of the political crisis that had dragged on for most

impulsive actions by the new president like the decision to offer tax breaks for the relaunching of the Volkswagen Beetle, and delays in the priva-The biggest beneficial push was provided by the passage of legislation to allow public electric utility companies to set

Fernando Collor de Mello, after ing in São Paulo. Christmas.

In January and February, the market reacted favourably to gradual reform - the pas-sage of port modernisation legislation, steps towards fiscal reform, and advances in debt

resignation and impeachment

of the former president, Mr

were offset by apparently

appear as attractive as stock in Telebras, the state-controlled

MONDAY MARCH & 1983

96.74 109.55 105.11 91.23 149.67 54.97 54.97 116.24 82.91 113.11 46.05 113.92 113.92 119.92 119.92 120.73 94.42 82.16 126.53 124.42 82.16 126.67 136.74

185.51 +1.9 190.27 136.74 180.35 188.51 +1.9

141.10 +0.8 144.72 104.00 121.96 134.76 +0.5

154.48 +1.6 158.44 113.86 133.52 153.78 +0.5

119.01 +4.4 122.06 67.72 102.87 90.25 +3.6

127.93 +2.8 131.21 94.28 110.56 107.85 +2.2

181.67 +1.8 186.34 133.92 157.05 180.49 +1.8

121.87 +0.6 125.00 69.84 105.38 111.55 +0.3

172.39 -0.2 176.81 127.06 149.02 155.19 -0.1

129.02 +2.7 132.33 95.10 111.52 109.84 +2.2

144.67 +2.5 148.38 106.63 125.05 128.85 +2.1

147.07 +2.3 150.84 108.41 127.13 132.72 +2.0

168.18 +1.4 170.44 122.49 143.66 181.94 +1.8

-0.1 137,40 -0.1 152,45 +0.7 168,27 +0.7 208,28 +0.8 161,77 +0.9 115,08 +0.8 161,77 +0.9 15,08 +1.7 143,49 -1.9 84,09 +5.2 116,48 +0.5 286,45 +1.1 46,98 +1.1 46,98 +1.1 46,98 +1.1 131,47 +1.9 147,03 -0.4 227,58 -0.5 168,01 +1.1 131,47 +2.2 173,13 +0.4 114,52 +1.1 176,61 +1.9 190,27

115.79 126.30 128.47 128.34 123.26 120.46 106.96 111.45 175.52 176.14 64.38 93.47 138.31 139.35 97.25 97.25 224.91 258.28 120.92 134.59 98.17 83.71 241.36 261.36 1326.31 5204.32 140.63 138.68 39.60 48.22 123.91 137.03 191.76 183.90 110.79 114.63 145.91 190.42 96.35 108.28 148.82 176.61 160.35 185.51

the month.

of 1992, ending with the telecommunications holding

ruary visit to Rio de Janeiro.

However, politics are a Resende gets settled into office. conjecture will give way to reaction to real events. Today. he Senate is scheduled to pass final judgment on a financial transactions tax which, says Mr Franco, is necessary to help

market liquidity are still low. The 593 companies traded on the Rio de Janeiro

lic share issues. tempted, but playing safe. "The vast majority are cautious," Mr Robert Barclay, president of Baring Securities Brasil, says. They are waiting for a clear sign that economic reform is moving forward. Yet they are

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited

in conjunction with the institute of Actuaries and the Faculty of Actuaries

+0.2 -0.18 +0.88 +0.45 +0.55 +0.56 +0.7 +1.0 +4.2 +1.9 +0.4 +1.9 +0.1 +0.6 +0.1 +1.1 +1.1

The World Index (2207)... 147.07 +2.3 150.85 108.40 127.13 133.03 +2.0 2.49 143.74 147.37 106.90 124.58 130.38 153.70 130.66 140.62 Copyright, The Financial Times Limited, Goldman, Sache & Co. and NatWest Securities Limited. 1987
Constituent changes with effect from 10/3/32: Addition: KNP BT (Netherlands). Deletions: KNP, Buhrmann-Tetterode (both Netherlands) and Centel Corp. (U.S.).Latest prices were unavailable for this edition.

3.89 134.12 1.75 148.78 5.01 141.86 3.00 122.20 1.31 201.71 1.47 74.94 3.22 155.42 2.35 111.49 3.55 282.08 3.90 137.62 2.75 63.89 1.00 107.98 2.34 277.77 1.15 1508.12 1.44 4.73 45.34 1.93 222.73 3.07 164.85 5.25 165.13 2.04 111.01 4.15 170.31 2.73 182.14

Eletrobras, the federal electricity company, gained 122 per cent in real terms in February. Cemig, the utility concern in Minas Gerais state, jumped 191 per cent in real terms during

company that customarily

accounts for half of daily trad-

Foreign investors might put \$1bn into the electric sector this year, either by shifting from current Brazilian holdings or through new invest-

balance the federal budget.

exchange closed 1992 with an average book value of 28 per cent. This contributed to make February the third month in the last five with no new pub-

Foreign investors are all terrified of missing out."

FRIDAY MARCH 5 1983

137.52 99.75
152.54 110.65
145.25 105.35
125.29 90.87
206.82 150.01
76.84 55.73
160.38 116.32
114.31 82.93
288.71 194.90
141.10 102.34
85.30 47.36
110.71 80.30
284.80 208.56
1544.24 1120.06
165.52 120.06
46.49 33.72
144.17 104.57
226.37 165.65
158.82 122.45
129.98 94.27
169.30 122.80
113.82 82.56
174.62 126.65
186.75 135.48

143.48 104.07 155.92 113.10 118.87 84.77 127.63 92.57 182.93 132.70 124.15 90.07 177.19 128.54 128.85 93.47 144.77 105.01 147.34 108.88 168.11 121.95

ment, ventured Mr Edmund Games - a vice-president of the US investment house Scudder, Stevens & Clark, and portfolio manager for the Brazil Fund, a closed end fund which trades on the New York Stock Exchange - during a mid-Feb-

hare prices and stock